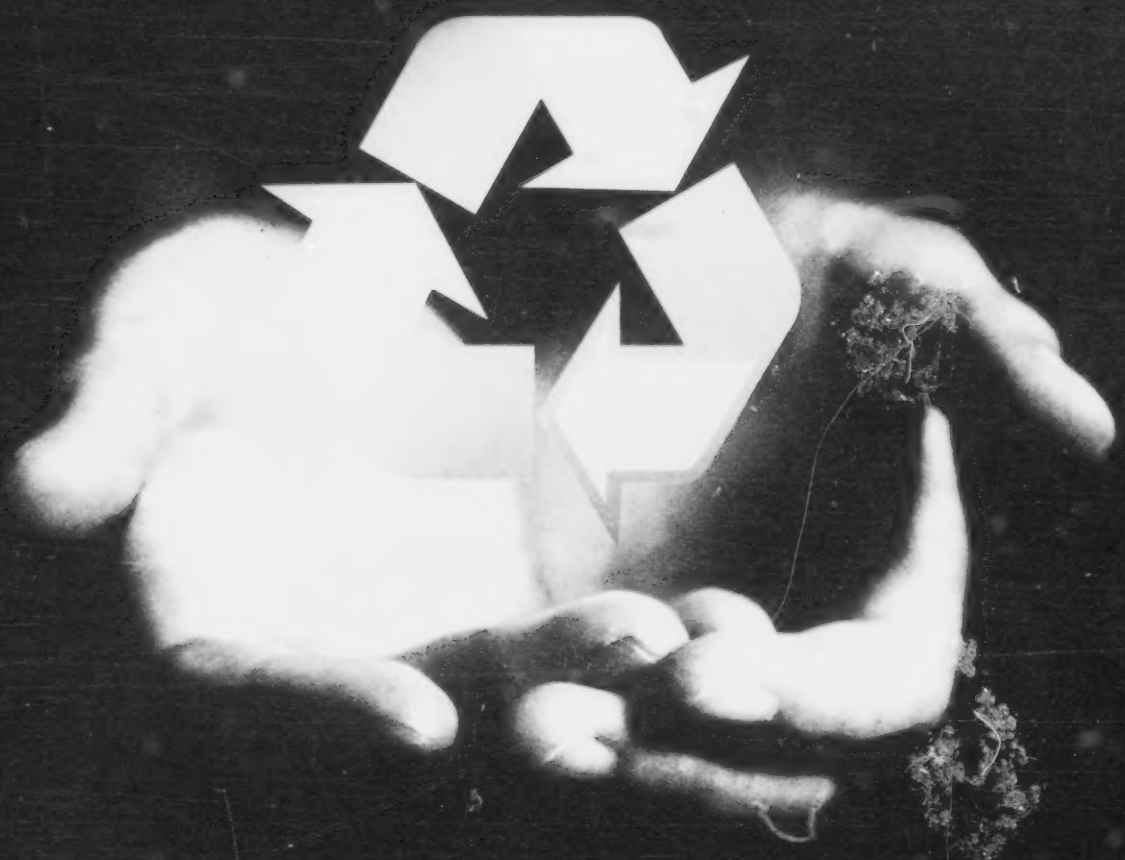
MANITOBA PRODUCT STEWARDSHIP CORPORATION

ANNUAL REPORT

APRIL 1, 2003 TO MARCH 31, 2004



THE MANITOBA PRODUCT STEWARDSHIP CORPORATION (MPSC) WAS ESTABLISHED ON JANUARY 1, 1995. THE MPSC'S CORE MANDATE AS DESCRIBED IN MANITOBA REGULATION 39/95 IS:

(a) to establish and administer a waste reduction and prevention program for designated materials for Manitoba consistent with the principles of sustainable development as set out in Section 1 of the WRAP (Waste Reduction and Prevention) Act;

(b) to provide for the effective, efficient and economical management of waste materials; and

(c) to administer the Multi-Material WRAP Fund.

THE MULTI-MATERIAL WRAP FUND SHALL BE USED TO PROVIDE OR PAY FOR ANY OR ALL OF THE FOLLOWING:

- a. establishing and administering a waste reduction and prevention program for designated material;
- b. education programs for the purpose of the waste reduction and prevention program for designated material;
- c. expenditures incurred in the collection, transportation, storage, processing and disposal of designated material in connection with the waste reduction and prevention program;
- d. research and development activities related to the management of designated material;
- e. promotion and development of activities and economic instruments to encourage reduction and prevention of waste-designated material;
- f. appropriate disposal of waste-designated material;
- g. salaries and other costs of the Board and the Fund;
- h. salaries and other costs of government for the administration and enforcement of the Act and this regulation as they relate to the responsibilities of the Board and the regulations respecting reduction and prevention of waste-designated material.

MPSC's current mandate
(MB 39/95)

Use revenues from levies or voluntary contributions to support the cost-effective diversion of specific **designated materials** from waste disposal.

- beverage containers (non-deposit)
- packaging of prepackaged goods
- in-store packaging
- newspapers
- magazines
- advertising material
- telephone books

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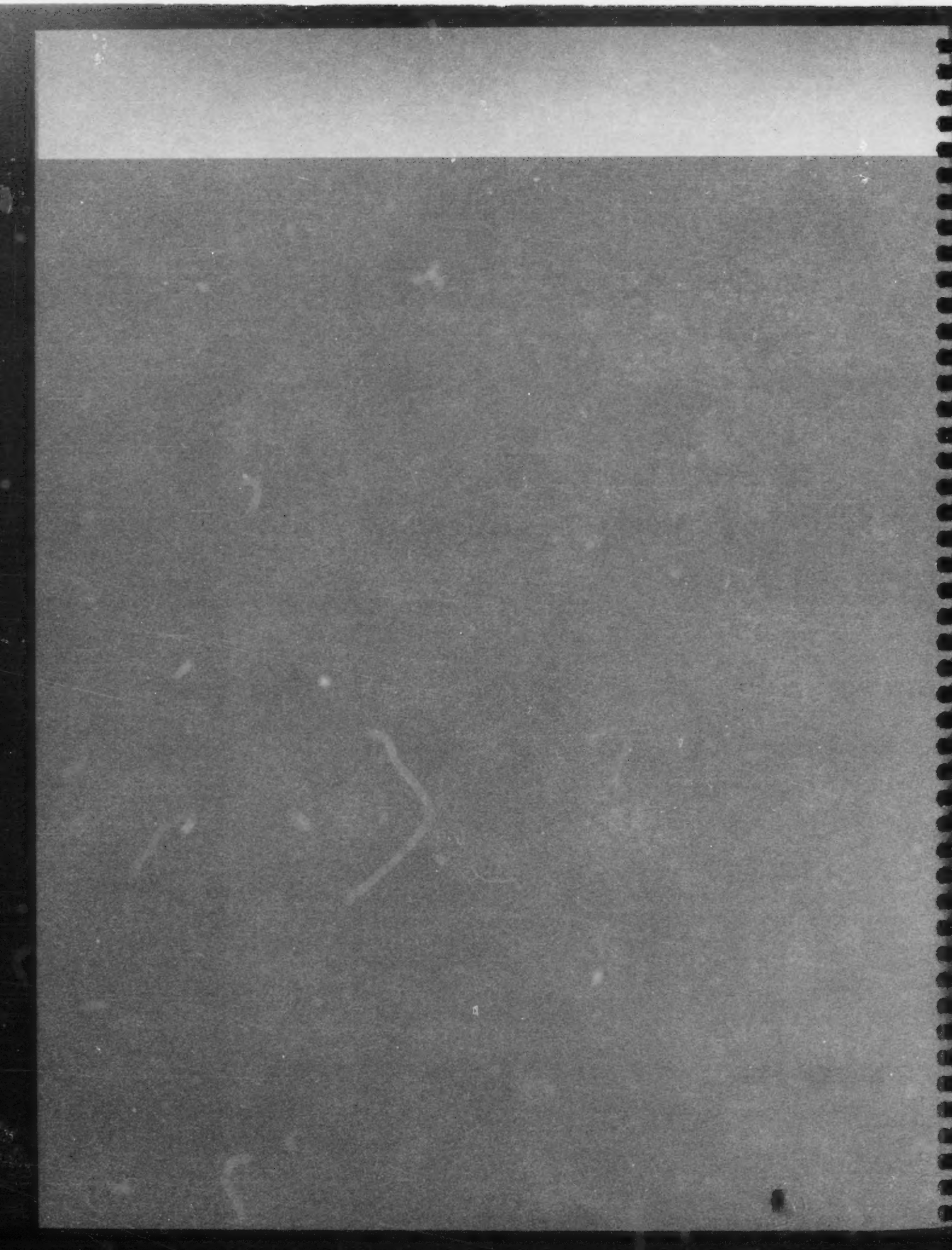

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Chair's Message

The Manitoba Product Stewardship Corporation has concluded another successful year in supporting recycling programs and activities in Manitoba in 2003-2004. As the new Chair of the MPSC I can point, with pride and appreciation to my departing colleagues, to the following accomplishments over this period:

- material recovery has increased by double digits for the fourth consecutive year, about 17% overall;
- programming and recovery have increased in all regions of the province;
- based on estimated generation numbers gathered through 2000 Residential Waste Composition studies, the overall recovery rate is equivalent to 65% of designated materials from residential sources;
- municipal payouts increased by $942,000; and
- the corporation's operating reserve has declined as material recovery continued to increase, addressing an issue raised by many stakeholders at the beginning of the 2001-2004 MPSC business cycle that the level of surplus funds held in reserve by MPSC was too high.

The multi-material approach in Manitoba works. It works so well that it will offer us challenges in the next three years, as our fixed revenue source is called upon to fund expanding recycling programs. Staff of MPSC spent much of this past year consulting and developing the Draft "Sustaining the MPSC Model" 2004-2007 MPSC Business Plan. The business plan as proposed will not answer all the challenges facing MPSC; it does, however, provide a platform and time for meaningful discussion about the future of waste reduction and prevention in Manitoba. The Draft Business Plan has been forwarded to the Minister of Conservation for approval and it is expected that the Minister will undertake an independent consultation process.

With the continued support and input from our stakeholders, the Corporation, through the hard and dedicated work of its staff and under the guidance of an engaged Board of Directors, is well positioned to play a key role in meeting the challenges ahead.

John Clarkson,
Chair

MPSC BIDS FAREWELL TO LONG-STANDING CHAIR AND DIRECTOR

This year MPSC bade farewell to two long-term members of the MPSC Board of Directors.

Norm Brandson and Alexa Campbell have been involved with MPSC since its inception. Alexa was a member of the Implementation Committee that helped develop the framework under which MPSC still operates today.

Norm was appointed as the MPSC Board Chair during the formal creation of MPSC. Norm provided steady leadership to the MPSC Board of Directors and his contributions were many. His ability to find balance among a varied stakeholder Board of Directors proved to be invaluable.

The MPSC extends our sincerest thanks to both Norm and Alexa and wishes them good luck in their future endeavours.

Message du Président

La Corporation manitobaine de gestion des produits désignés (CMGPD) a connu un autre exercice couronné de succès dans le soutien aux programmes et aux activités de recyclage au Manitoba. À titre de nouveau président de la Corporation, je peux mentionner avec fierté et appréciation les réalisations suivantes de mes collègues qui nous ont quitté au cours de l'exercice 2003-2004 :

- la récupération des matériaux désignés s'est accrue de plus de 10 % pour la quatrième année consécutive; elle affiche une hausse générale de 17 %;
- les programmes et la récupération ont connu une augmentation dans toutes les régions de la province;
- selon les données estimatives de production de déchets recueillies dans le cadre des études de composition des déchets résidentiels entreprises en 2000, le taux de récupération général des matériaux désignés de source résidentielle atteint 65 % des déchets produits;
- le montant des subventions versées aux municipalités s'est accru de 942 000 $;
- le fonds de réserve de la Corporation s'amenuise au fur et à mesure que la récupération des matériaux désignés s'accroît; la réduction répond à une préoccupation soulevée par de nombreux intervenants au début du cycle d'affaires 2001-2004 de la Corporation selon laquelle le fonds de réserve était trop élevé.

L'approche du recyclage de matériaux multiples fonctionne au Manitoba. Elle fonctionne si bien que nous devrons relever des défis au cours des trois prochaines années, étant donné que nos revenus fixes devront financer des programmes de recyclage en expansion. Le personnel de la Corporation a consacré une bonne partie de la dernière année à mener des consultations et à élaborer l'ébauche de plan d'entreprise de la Corporation pour la période de 2004 à 2007, intitulé « Sustaining the MPSC Model » (soutenir le modèle de la CMGPD). Tel que proposé, le plan d'entreprise ne permettra pas de relever tous les défis, mais il propose une plate-forme de discussion et prévoit le temps nécessaire pour des discussions sérieuses sur l'avenir de la réduction et de la prévention des déchets au Manitoba. L'ébauche de plan d'entreprise a été transmise au ministre de la Conservation à des fins d'approbation et l'on s'attend à ce que le ministre consulte aussi des spécialistes de l'extérieur.

Grâce au soutien et à l'apport continus des intervenants du secteur, ainsi qu'au travail acharné et dévoué de son personnel et à l'orientation offerte par un conseil d'administration engagé, la Corporation occupe une position qui lui permet de jouer un rôle clé pour relever les défis de l'avenir.

John Clarkson,
Président

LA CMGPD FAIT SES ADIEUX À DEUX MEMBRES DE LONGUE DATE DE SON CONSEIL D'ADMINISTRATION

Cette année, la Corporation a dit adieu à deux membres de longue date de son conseil d'administration.

Norm Brandson et Alexa Campbell participent aux activités de la Corporation depuis ses débuts. Alexa était membre du comité de mise en œuvre qui a participé à l'élaboration du cadre de travail qui régit encore aujourd'hui les activités de la Corporation.

Norm a été nommé au poste de président du conseil d'administration de la Corporation au cours de la période de création officielle de cette dernière. Il a démontré un leadership exemplaire au conseil d'administration et ses contributions ont été nombreuses. Sa capacité d'établir un équilibre entre les divers intervenants membres du conseil d'administration s'est avérée très précieuse.

La Corporation tient à remercier sincèrement Norm et Alexa de leurs contributions à l'organisme. Nous leur souhaitons beaucoup de succès dans leurs activités futures.

Chair's Message

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Message du President

La Corporation manitobaine de gestion des produits désignés

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RECYCLING PICKED UP AGAIN!

On March 31, 2004, we closed the books on year number nine for the Manitoba Product Stewardship Corporation (MPSC). For the fourth consecutive year there has been a double-digit increase in recovery. Increases in recovery have occurred in all regions of the province. The public has clearly demonstrated that if given the opportunity, they will enthusiastically embrace recycling. Recycling in Manitoba has net economical benefits, job creation (private and non-profit) and skills and knowledge, infrastructure development, procurement of goods and services (fuel, trucks, equipment and taxes), value from the sale of recyclables and landfill avoidance benefits. Other intangibles include public good will and community pride. Environmental benefits include extending the life of existing landfills and saving costs in the development and siting of new landfills. Manufacturers save energy and enjoy reduced raw materials costs by utilizing a consistent supply of recyclables.

The tools and funding that MPSC provides allow communities to confidently go forward and develop local recycling programs that are both economically and environmentally beneficial.

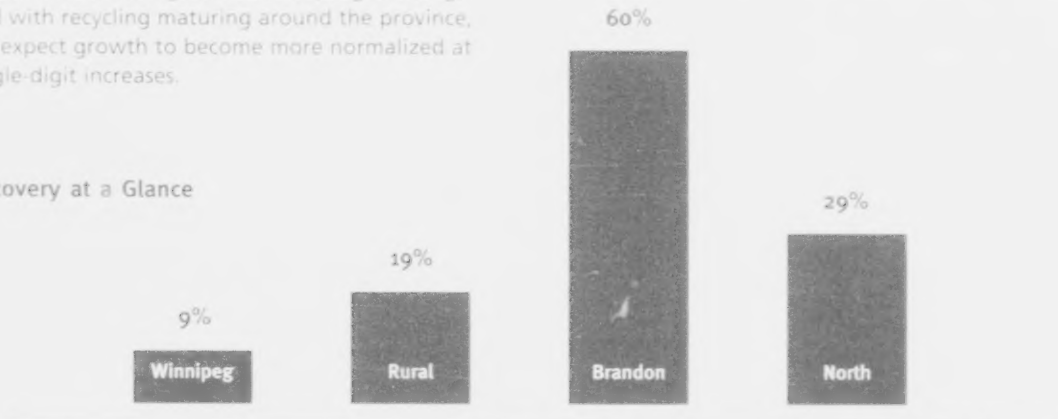
Municipal Residential Recycling

Recovery of eligible materials continues to rise with 57,723 metric tonnes of recyclables collected for recycling or reuse, an increase of 17% over 2002-2003. On average, Manitobans recycled an equivalent to 65% of MPSC eligible packaging and paper they brought home. During fiscal 2003-2004 MPSC paid Manitoba municipalities almost $7.5 million in direct recycling support payments. This represents an increase in payouts of almost $942,000 or about 14%. This is the fourth year in a row that there has been a double-digit increase in recycling volumes and payouts. MPSC is now paying out over 98% of levy revenues to support community recycling programs. Provided there are no substantive changes to current programming, and with recycling maturing around the province, we expect growth to become more normalized at single-digit increases.

ECONOMIC BENEFITS OF RECYCLING

- Jobs have been created in the for-profit and not- for-profit sectors.
- Goods and services have been procured, including fuel, trucks, equipment, and transportation. Municipal, provincial and federal taxes are generated by these transactions.
- Additional savings have been accrued by municipalities through landfill avoidance and extending the life of existing landfills.
- Manufacturers save energy and enjoy reduced raw material costs by utilizing a consistent supply of recyclables.

Recovery at a Glance



Percentage recycling increased during the 2003–2004 year

School and Youth Programs

MPSC continues to support our next generation of recyclers, reusers and reducers. Through STAR (Student Action for Recycling), 707 K-S4 schools (almost 80%) province-wide receive funding support as well as free support materials including newsletters, posters, poster contests, the Environmental Speakers Bureau and *www.virtualrecycling.com*. Aside from recycling, many innovative recycling activities have been developed. MPSC also supports Manitoba Envirothon, an Olympic-style event aimed specifically at high school students.

STAR PLUS Program

The 2003-2004 year was another successful one for the STAR Plus program, which is available to all post-secondary institutions in Manitoba. Participants increased their recycling rates and completed detailed waste audits.

Promotion and Education — Other Stakeholders

MPSC communicates with our varied stakeholders in many ways:

- Our corporate Web site *www.mpsc.com* is updated regularly with facts and reports
- Newsletters are produced and distributed biannually
- MPSC has developed a monthly bulletin for municipalities and recyclers
- Fact sheets are developed as part of our public relations process
- We provide feedback through Community Recycling Report Cards
- We hold annual workshops and regional meetings throughout the province
- We offer toll-free telephone assistance and on-site visits-
- We utilize press releases to keep news and events in the public eye

Marketing and Technical Support

The tools, funding and technical support MPSC provides ensure that there is no reason a community cannot have a cost-effective and successful recycling program. We provide one-on-one direct technical and marketing support through on-site visits and regional meetings, annual workshops and the development of technical bulletins and fact sheets. Cost monitoring work ensures we keep abreast of recycling cost trends.

Revenue monitoring allows us to track the value of recyclables marketed.

Partnerships

MPSC plays well with others and has strategically partnered with various organizations, both to promote recycling and waste reduction and to gather data that allows for educated decision making. Our partners in 2003-2004 included:

- Resource Conservation Manitoba
- Fort Whyte Centre (earthday)
- Take Pride Winnipeg
- Winnipeg Folk Festival
- Manitoba Envirothon
- National Waste Reduction Week
- Manitoba Conservation
- Manitoba Association for Resource Recovery Corporation (MARRC)
- Tire Stewardship Board

Managing Financial Resources

As stated in the MPSC 2001-2002 Annual Report, we continue to draw down our reserve funds. This year's operating deficit increased mostly as a result of another year of double-digit increase in recoveries of eligible materials resulting in an increase in Municipal Recycling Support Payments of just under $942,000. MPSC has streamlined costs of other programming to ensure our core programs remain funded.

Where from Here?

We have seen increases in recovery of designated materials in all parts of the province including urban, rural and northern locations. All eligible materials showed an increase in recovery. On average, we have recovered an equivalent of 65% of eligible materials from residential sources. Manitobans are recycling more than ever before.

In 2000-2001 we signalled that MPSC would start incurring annual operating losses. Continued growth in the amount of designated materials recycled or reused has created challenges for the long-term sustainability of MPSC programming as it exists today.

MPSC has demonstrated fiscal responsibility in managing reserve funds in the early years, allowing support for growth as programs matured. Drawing on reserves now ensures that programs can operate while a model is developed for establishing the second generation of community-based recycling initiatives.

Sustaining the MPSC Model 2004-2007 MPSC Business Plan:

Our primary focus during 2003-2004 was the creation of the "Sustaining the MPSC Model" 2004-2007 MPSC Business Plan. The Draft 2004-2007 MPSC Business Plan reflects broad input from varied stakeholders. MPSC sent out questionnaires, conducted focus groups, held targeted stakeholder sessions and developed a "What You Told Us" document as well as a "Working Toward the Business Plan" document. Updates and progress were posted at *www.mpsc.com*.

The business plan as drafted represents a reasonable first step toward a sustainable support program for recycling activities in Manitoba communities. The business plan moves municipal funding rates nearer the principle of MPSC funding 80% of the cost of municipal residential recycling programs. Changes proposed within the business plan will not solve or resolve the question of MPSC's long-term sustainability. But the business plan creates a forum for discussion for developing a more broad-based and comprehensive product stewardship model. Prudent financial management and fair financial support establish the platform for future planning. Discussions on future evolution of Manitoba recycling initiatives must include an element of cost-containment that allows sustainability within revenue streams.

The Draft 2004-2007 MPSC Business Plan was forwarded to the Minister of Conservation for approval on February 5, 2004, and the Province has undertaken its consultation process.

Our Focus for the Next Year

Our focus for next year will be implementing the "Sustaining the MPSC Model" 2004-2007 MPSC Business Plan. As well as reviewing all MPSC programming, we have made specific commitments about issues we will address during the first year of the business plan. We enjoy a high degree of credibility from the varied stakeholders groups we interact with and our success has been noted on the national stage. MPSC is positioned to play a major role in the further development of Manitoba waste reduction programs.

With the support of the MPSC Board and the continued excellent work of the corporate staff, MPSC has earned broad-based stakeholder endorsement as the model for effective, efficient administration of recycling initiatives.

Jim Fogg,
General Manager

NOUS RECYCLONS ENCORE PLUS!

Le 31 mars 2004 marquait la fin de la neuvième année de fonctionnement de la Corporation manitobaine de gestion des produits désignés (CMGPD). Pour la quatrième année consécutive, nous avons été témoins d'une augmentation de plus de 10 % de la récupération. On a observé une augmentation de la récupération dans toutes les régions de la province. La population a démontré clairement, si on lui donne la possibilité, qu'elle adopte le recyclage avec enthousiasme. Au Manitoba, le recyclage offre des avantages économiques nets en termes de création d'emplois dans des entreprises à but lucratif et sans but lucratif, d'acquisition de compétences et de connaissances, de développement des infrastructures, d'achat de biens et de services (carburant, camions, matériel, taxes), de valeur des ventes de matières recyclables et de réduction des déchets mis en décharge. D'autres avantages intangibles comprennent l'accroissement de la cote d'estime de la population et de la fierté communautaire. Les avantages pour l'environnement comprennent la prolongation de la durée de vie des décharges existantes et les économies de coûts au plan du développement et du choix du site des nouvelles décharges. Les fabricants économisent de l'énergie et profitent de la réduction du coût de leurs matières premières en ayant recours à un approvisionnement constant en matières recyclées.

Les outils et le financement offerts par la Corporation permettent aux collectivités d'aller de l'avant avec confiance et de mettre en œuvre des programmes de recyclage locaux qui offrent des avantages économiques et environnementaux.

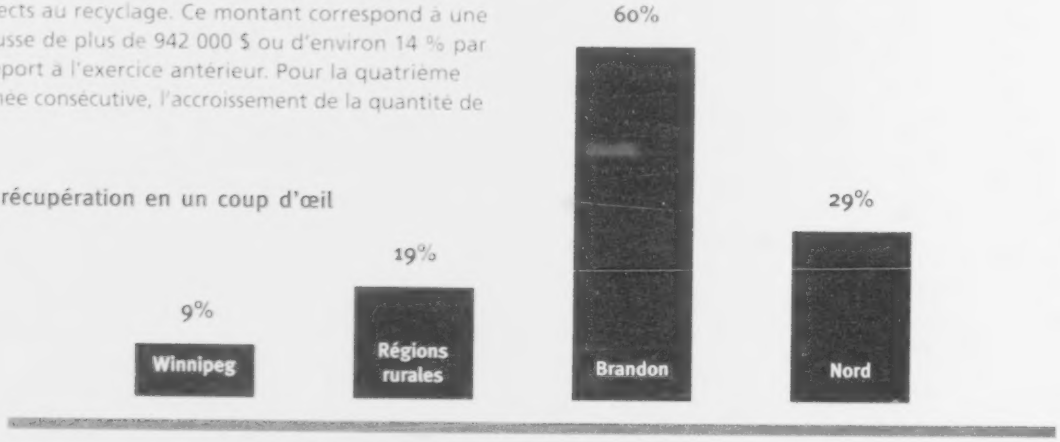
Recyclage résidentiel municipal

La récupération des matériaux admissibles continue d'augmenter. Environ 57 723 tonnes métriques de matières recyclables ont été recueillies pour le recyclage ou la réutilisation, soit une augmentation de 17 % par rapport à l'exercice 2002-2003. En moyenne, les Manitobains ont recyclé 65 % des emballages et du papier admissibles par la Corporation qui se rendaient à leurs résidences. Au cours de l'exercice 2003-2004, la Corporation a versé aux municipalités manitobaines près de 7,5 millions de dollars en paiements de soutien directs au recyclage. Ce montant correspond à une hausse de plus de 942 000 $ ou d'environ 14 % par rapport à l'exercice antérieur. Pour la quatrième année consécutive, l'accroissement de la quantité de

AVANTAGES ÉCONOMIQUES DU RECYCLAGE

- **Des emplois ont été créés dans les secteurs des entreprises à but lucratif et sans but lucratif.**
- **Des biens et des services ont été achetés, y compris du carburant, des camions, du matériel et des services de transport. Ces transactions s'accompagnent de taxes fédérales, provinciales et municipales.**
- **Des municipalités ont réalisé des économies additionnelles en réduisant les déchets mis en décharge et en prolongeant la durée de vie des décharges existantes.**
- **Les fabricants ont économisé de l'énergie et profité de la réduction du coût de leurs matières premières en ayant recours à un approvisionnement constant de matières recyclées.**

La récupération en un coup d'œil



Pourcentage d'accroissement du recyclage au cours de l'exercice 2003-2004

matières recyclées et des paiements dépasse les 10 %. La Corporation alloue présentement plus de 98 % des recettes provenant de la taxe environnementale au soutien des programmes de recyclage communautaires. Étant donné que le recyclage arrive à maturité dans la province, si aucune modification n'est apportée à la programmation actuelle, nous prévoyons que la croissance deviendra plus normale et affichera des hausses de moins de 10 %.

Programmes destinés aux jeunes et aux écoles

La Corporation continue de soutenir la prochaine génération de partisans de la réduction, de la réutilisation et du recyclage. Près de 80 % des écoles manitobaines (707 écoles), de la maternelle à Secondaire 4, bénéficient du soutien financier du programme STAR (Action étudiante pour le recyclage). Elles reçoivent également du matériel de soutien gratuit, qui prend la forme de bulletins d'information, de concours d'affiches, du service de conférenciers environnementaux et du site Web *www.virtualrecycling.com*. En plus des activités de recyclage, les écoles participantes ont élaboré de nombreuses activités environnementales novatrices. La Corporation soutient également le Manitoba Envirothon, une activité inspirée des Jeux olympiques qui s'adresse particulièrement aux élèves des écoles secondaires.

Programme STAR Plus

L'exercice 2003-2004 a souligné la réussite continue du programme STAR Plus, qui s'adresse à tous les établissements d'enseignement postsecondaire de la province. Les participants ont accru leurs taux de recyclage et ont effectué des vérifications de déchets détaillées.

Promotion et éducation

La Corporation communique avec les intervenants du secteur de diverses manières :

- elle met périodiquement à jour son site Web *www.mpsc.com* en postant des faits et des rapports;
- elle produit et distribue des bulletins d'information sur une base semestrielle;
- elle a élaboré un bulletin mensuel à l'intention des municipalités et des entreprises de recyclage;
- dans le cadre de son processus de relations publiques, elle produit des fiches de renseignements;
- elle offre une rétroaction par la distribution de rapports sommaires sur le recyclage communautaire;
- elle organise des ateliers annuels et des assemblées dans toutes les régions de la province;
- elle offre une aide téléphonique gratuite et des visites sur place;
- elle utilise des communiqués de presse pour faire la publicité de divers événements et diffuser des nouvelles.

Commercialisation et soutien technique

Les outils de promotion, le financement et le soutien technique offerts par la Corporation veillent à ce qu'aucun motif n'empêche une collectivité de mettre en place un programme de recyclage rentable et couronné de succès. La Corporation offre un soutien technique et commercial individuel par le biais de visites sur place, d'assemblées régionales, d'ateliers annuels et de la préparation de bulletins techniques et de fiches de renseignements. Le contrôle des coûts nous permet de nous tenir au courant des tendances des coûts du recyclage.

Le contrôle des recettes nous permet d'assurer le suivi de la valeur des matières recyclables commercialisées.

Partenariats

La Corporation a établi des partenariats stratégiques avec divers organismes, tant pour promouvoir le recyclage et la réduction des déchets que pour recueillir des données qui permettent de prendre des décisions éclairées. En 2003-2004, nos partenaires comprenaient les organismes suivants :

- Resource Conservation Manitoba
- Centre environnemental de Fort Whyte (Journée de la Terre)
- Sois fière Winnipeg
- Festival folk de Winnipeg
- Manitoba Envirothon
- Semaine nationale de réduction des déchets
- Conservation Manitoba
- Manitoba Association for Resource Recovery Corporation (MARRC)
- Tire Stewardship Board

Gestion des ressources financières

Tel qu'indiqué dans le rapport annuel de 2001-2002 de la Corporation, nous continuons de réduire nos fonds de réserve. Le déficit de fonctionnement s'est accru au cours de l'exercice 2003-2004, principalement en raison, cette année encore, d'une augmentation de plus de 10 % de la quantité de produits désignés récupérés, qui s'est traduite par une hausse des paiements de soutien municipaux au recyclage d'un peu moins de 942 000 $. La Corporation a rationalisé les coûts des autres programmes afin d'assurer le financement continu de ses programmes de base.

Quel est l'avenir?

Nous avons été témoins de l'augmentation de la quantité des produits désignés récupérés dans toutes les régions de la province, qu'il s'agisse des zones urbaines, rurales et du Nord. La récupération de tous les matériaux admissibles indique une hausse notable. En moyenne, nous avons récupéré 65 % des produits désignés admissibles de source résidentielle. Les Manitobains recyclent plus que jamais auparavant.

En 2000-2001, nous avons indiqué que la Corporation commencerait à subir des pertes d'exploitation annuelles. La croissance continue de la quantité de matériaux désignés recyclés ou réutilisés a soulevé le défi du maintien à long terme des programmes actuels de la Corporation.

La Corporation a fait preuve de responsabilité financière en gérant le fonds de réserve au cours de ses premières années d'existence et en soutenant une certaine croissance au fur et à mesure de l'évolution des programmes. Le recours actuel au fonds de réserve permet la mise en œuvre des programmes, tout en élaborant un modèle pour définir et établir les projets de recyclage communautaires de la deuxième génération.

Plan d'entreprise pour la période 2004-2007 : « Sustaining the MPSC Model »

Au cours de l'exercice 2003-2004, notre principale priorité a été l'élaboration du plan d'entreprise pour la période de 2004 à 2007, qui est intitulé « Sustaining the MPSC Model ». L'ébauche du plan d'entreprise tient compte de l'apport appréciable des divers intervenants. La Corporation a fait parvenir des questionnaires, dirigé des discussions en petit groupe, organisé des séances avec des intervenants ciblés et préparé un résumé des rétroactions (« What You Told Us »), ainsi qu'un document de travail (« Working Toward the Business Plan »). Les mises à jour et les faits nouveaux ont été postés sur le site Web *www.mpsc.com*.

Tel qu'ébauché, le plan d'entreprise représente un premier pas raisonnable vers la mise en œuvre d'un programme de soutien durable aux activités de recyclage dans les collectivités du Manitoba. Le plan d'entreprise prévoit des taux de financement municipal qui se rapprochent de l'objectif de la Corporation, soit le financement de 80 % du coût des programmes de recyclage résidentiel municipal. Les modifications proposées par le plan d'entreprise ne sont pas une solution au problème de la durabilité à long terme de la Corporation, mais le plan propose un moyen d'échanges de vues sur l'élaboration d'un modèle de régie des produits désignés plus polyvalent et étendu. Une gestion financière prudente et un soutien financier équitable constituent une plate-forme pour la planification future. Des discussions sur l'évolution future des initiatives de recyclage au Manitoba doivent inclure un élément de compression des coûts qui permette leur durabilité dans le cadre des flux de revenus existants.

L'ébauche du plan d'entreprise de la Corporation pour la période de 2004 à 2007 a été soumise au ministre de la Conservation à des fins d'approbation le 5 février 2004 et le gouvernement a mis en œuvre un processus de consultation.

Priorités de l'exercice 2004-2005

La priorité principale est la mise en œuvre du plan d'entreprise de la Corporation pour la période de 2004 à 2007. En plus d'examiner tous les programmes de la Corporation, nous avons pris des engagements précis au sujet des questions qui seront abordées au cours de la première année du plan d'entreprise. Nous profitons d'un niveau élevé de crédibilité que nous accordent les divers groupes d'intervenants avec lesquels nous sommes liés et nos réussites ont été remarquées sur la scène nationale. La Corporation est bien placée pour jouer un rôle majeur dans le développement des programmes de réduction des déchets au Manitoba.

Grâce au soutien de son conseil d'administration et à l'excellent travail de son personnel, la Corporation a bénéficié d'un large soutien des intervenants du secteur pour son modèle d'administration efficace des initiatives de recyclage.

Jim Fogg,
Directeur général

"Recycling reduces the amount of garbage going to landfills in all corners of the province."

Municipal Programs

THE MULTI-MATERIAL WRAP FUND SHALL BE USED TO PROVIDE OR PAY FOR ANY OR ALL OF THE FOLLOWING:

a. establishing and administering a waste reduction and prevention program for designated material;

b. education programs for the purpose of the waste reduction and prevention program for designated material;

c. expenditures incurred in the collection, transportation, storage, processing and disposal of designated material in connection with the waste reduction and prevention program;

d. research and development activities related to the management of designated material;

e. promotion and development of activities and economic instruments to encourage reduction and prevention of waste-designated material;

f. the appropriate disposal of waste-designated material;

g. salaries and other costs of the Board and the Fund;

h. salaries and other costs of government for the administration and enforcement of the Act and this regulation as they relate to the responsibilities of the Board and the regulations respecting reduction and prevention of waste-designated material.

A Message from the Manager

This annual report of the MPSC marks the end of our 2001-2004 business plan cycle. Over the last three years we have continued to see significant progress in MPSC's Municipal Programs. Some of the highlights detailed on the pages that follow include achieving a 65% recovery rate on the targeted packaging and printed materials; making further inroads in expanding recycling opportunities to all regions of the province, including north of the 53rd; and increasing public awareness of local recycling and waste reduction opportunities. From an economic perspective we have seen the productivity of the program improve as the volume of material recycled increases and marginal cost of collecting each additional tonne decreases. And, for every tonne of material recycled, participating communities have benefited not only from receiving MPSC support payments, but also from significant revenues from the sale of materials to recycling markets as well as significant savings from avoided landfill costs.

Not bad for a "little" environmental program that was originally asked to expand recycling in Manitoba communities, increase the amount of packaging and paper being recycled (to a recovery rate of 50%, if possible), do a little environmental educating, and to make sure that markets are available for materials collected.

MPSC's Municipal Programs have done that and more! I am proud of our staff's achievements in building the framework and supporting systems. I am proud of the communities (municipal leaders, volunteers and local entrepreneurs) that ran with the ball and established recycling programs locally. And, I am most proud of Manitobans who continue to show that if you build it, they will come.

Now what? We've achieved 65% recovery with an "interim" regulatory framework. It's time to look around now that we've reached a hilltop. What kind of program is this to be? There are likely as many viewpoints on this topic as there are Manitobans. Most of them involve some variation of a vision that includes "true stewardship based on some level of shared responsibility and cost-effective, environmentally sound programs." The devil, of course, is in the details.

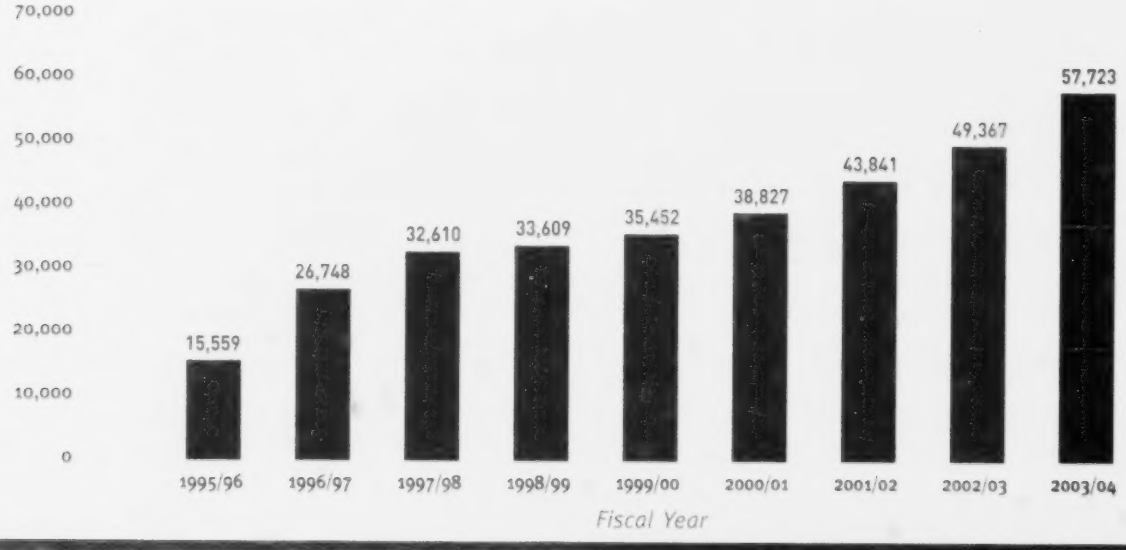
While the debate about Manitoba's vision of stewardship continues, our new business plan outlines MPSC's plans for managing the continued growth of municipal recycling in Manitoba. It is based squarely on further developing the 80/20 cost-sharing principle upon which the MPSC was founded. It also involves "change" and we all know how much people like change, don't we? Our challenge going forward is to develop a comfort level among all stakeholders in knowing that change is not only inevitable in the dynamic world of recycling but, so long as the basic premises of MPSC's Municipal Programs are maintained, change should not be feared.

Mike Fernandes,
Senior Manager, Municipal Programs

Recovery of Eligible Materials

Manitobans recycled approximately 57,723 metric tonnes of packaging and printed materials through local MPSC-funded residential recycling programs. This represents an increase of 8,356 metric tonnes (17%) over the previous period.

Chart 1 – Recovery of Residential Materials in Metric Tonnes



Did You Know...

57,723 metric tonnes
= 57,723,000 kilograms
= 127,256,126 pounds!

That is over 50 kg (110 pounds) recycled per Manitoban last year *just through MPSC-funded local recycling programs*. This does not include the recycling of non-MPSC material, nor the recycling of aluminum, metal and plastic containers directly delivered to brokers by individuals or charitable organizations.

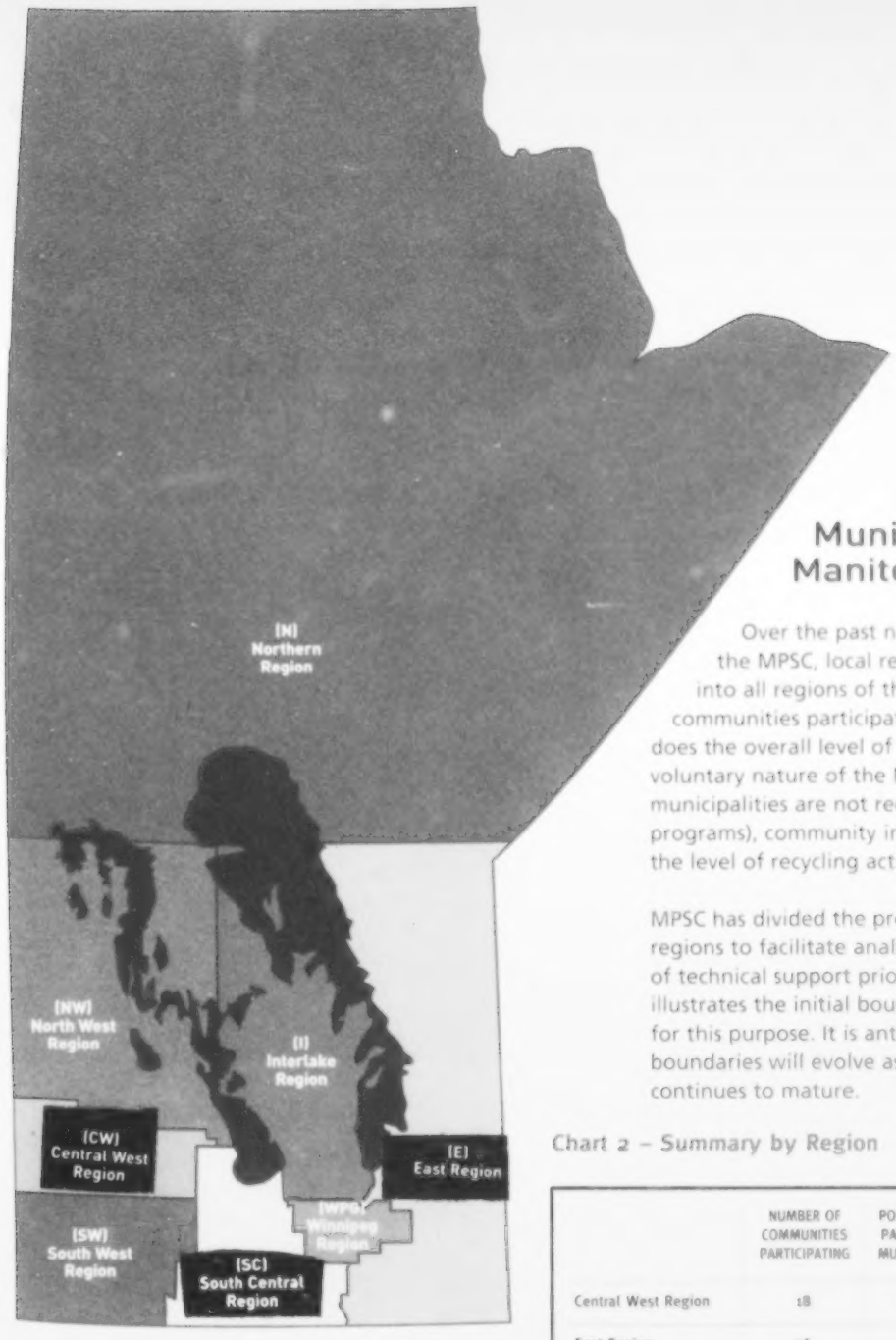
Municipal Recycling in Manitoba: MPSC Regions

Over the past nine years since the inception of the MPSC, local recycling programs have expanded into all regions of the province. The number of communities participating in each region varies, as does the overall level of recycling activity. Because of the voluntary nature of the MPSC funding system (Manitoba municipalities are not required by law to have recycling programs), community initiative is the driving force behind the level of recycling activity in the regions.

MPSC has divided the province into eight geo-political regions to facilitate analysis of opportunities and focussing of technical support priorities. The map on the left illustrates the initial boundaries defined by the MPSC for this purpose. It is anticipated that the regional boundaries will evolve as recycling in the province continues to mature.

Chart 2 – Summary by Region

	NUMBER OF COMMUNITIES PARTICIPATING	POPULATION IN PARTICIPATING MUNICIPALITIES	TOTAL KILOGRAMS RECYCLED	AVERAGE KGS RECYCLED PER PERSON
Central West Region	18	23,802	1,181,349	49.6
East Region	26	73,270	4,311,780	58.8
Interlake Region	15	62,229	2,406,383	38.7
Northern Region	12	45,059	1,628,437	36.1
North West Region	15	28,357	751,844	26.5
South Central Region	15	80,197	5,178,244	64.6
South West Region	22	74,921	4,795,187	64.0
Winnipeg Region	17	670,227	37,469,366	55.9



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Winnipeg Region	17	670,227	37,469,366	55.9

Municipal Recycling Support Payments

MPSC funds municipal and community recycling programs through an incentive-based system. Communities are paid a fixed rate for every metric tonne of *eligible* material recycled by their residents through registered recycling programs. The total recycling support payments paid by MPSC to municipalities depends upon two factors — the number of tonnes recycled and the rate of payment approved by MPSC's Directors. Last year, MPSC paid participating communities almost $7.5 million dollars, an increase in payments of almost $942,000 from the previous year. This is due to an increase in the amount of materials recycled combined with unchanged municipal recycling funding rates.

The total support paid to participating Manitoba municipalities varies according to the following factors:

1. how much material the community recycled (which is a function of population size and the performance of the recycling program)
2. the funding rate allocated by MPSC based on the 80/20 cost share principle adopted by MPSC (currently $128/tonne in Winnipeg, $152/tonne outside Winnipeg and an additional $40/tonne for northern communities)

The table on page 18 shows how much of the almost $7.5 million dollars distributed by MPSC flowed to participating communities in the province. (Note that many communities report as a group to MPSC.)

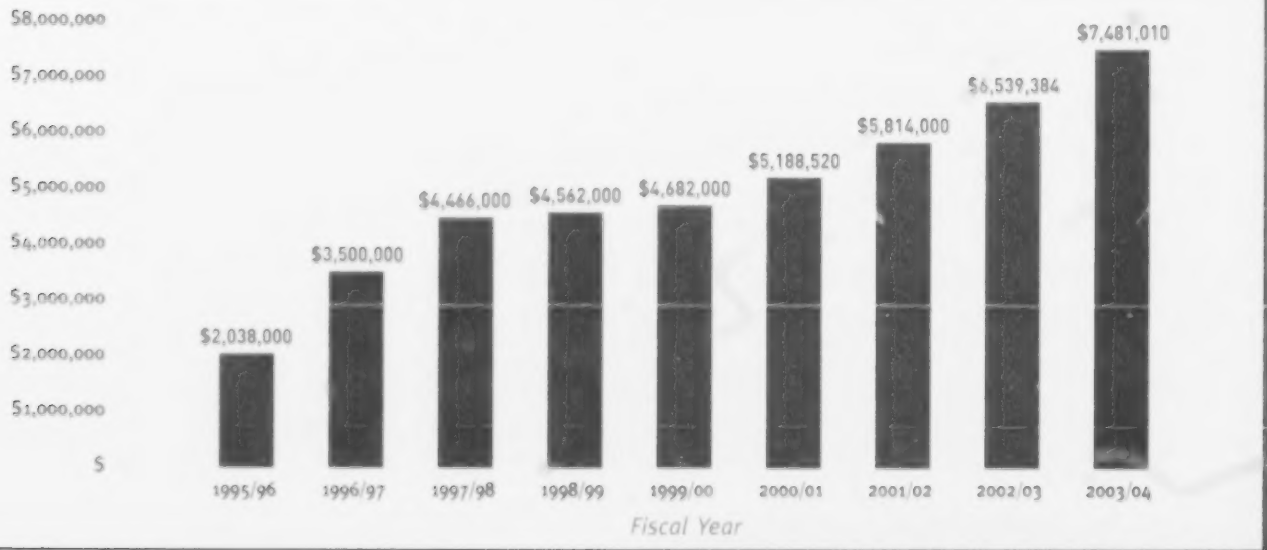
Did You Know...

Under the MPSC system, participating communities or recycling agents keep *all revenue* from selling the material they collect. At an average value of over $80/metric tonne, this equals an additional $5 million dollars to Manitoba communites in 2003/2004.

Did You Know...

Since 1995 participating Manitoba municipalities have received about $44 million dollars to offset their recycling program costs.

Chart 3 — Municipal Recycling Support Payments



SUMMARY OF MPSC PAYMENTS AND RECYCLING RATES BY MUNICIPALITY

Note: Newly registered communities are shown in orange.

Registered Municipalities	Region	Current Population	Total MPSC Payments Received by Community in 03-04	Total Tonnes Recycled in 03-04	
Alexander, R.M.	E	2,780	$18,667	122.81	
Altona, Town	SC	3,434	$39,230	324.27	
Arborg Group			$21,233	217.41	
Arborg, Town	I	959			
Bifrost, R.M.	I	2,967			
Riverton, Village	I	594			
Argyle, R.M.	SC	1,145	$3,703	24.36	
Armstrong, R.M.	I	1,905	$4,373	28.77	
Beausejour Group			$61,752	467.01	
Beausejour, Town	E	2,772			
Brokenhead, R.M.	E	3,877			
Benito, Village	NW	415	$7,208	48.19	
Berens River First Nation	E	1,072	–	–	*No claims received*
Birtle Group			$6,583	43.31	
Birtle, Town	CW	715			
Birtle, R.M.	CW	749			
Blanshard, R.M.	CW	686	$1,861	12.24	
Boissevain Group			$18,015	158.43	
Boissevain, Town	SW	1,495			
Morton, R.M.	SW	760			
Bowsman, Village	NW	320	$2,846	19.04	
Brandon Group			$354,628	3,545.71	
Brandon, City	SW	39,716			
Elton, R.M.	SW	1,321			
Buffalo Point First Nation	E	1,000	$1,369	9.51	
Cameron Group			$8,254	54.30	
Cameron, R.M.	SW	496			
Hartney, Town	SW	446			
Canupawakpa Dakota Nation (Oak Lake)	SW	276	–	–	*No claims received*
Carman, Town	SC	2,831	$31,497	267.50	
Cartier, R.M.	WPG	3,120	$13,864	90.17	
Churchill, Town	N	963	$3,763	31.28	
Cornwallis, R.M.	SW	3,779	$4,770	31.38	
Dauphin Group			$38,160	251.05	
Dauphin, City	NW	8,085			
Dauphin, R.M.	NW	2,273			
De Salaberry, R.M.	E	3,227	$15,411	101.39	
Deloraine, Town	SW	1,026	$11,127	73.20	
Dufferin, R.M.	SC	2,405	$1,398	11.87	
East St. Paul, R.M.	WPG	7,677	$70,054	460.88	
Edward, R.M.	SW	679	–	–	*No claims received*
Elkhorn, Village	SW	470	$3,945	33.25	
Ellice Group	CW		$834	5.49	
Ellice, R.M.	CW	509			
St. Lazare, Village	CW	265			
Emerson, Town	SC	655	$13,491	89.92	
Erickson Group	CW		$15,778	135.95	
Riding Mountain National Park	CW	0			
Clanwilliam, R.M.	CW	467			
Erickson, Town	CW	448			
Park, R.M.	CW	1,228			
Eriksdale Group			$20,404	134.24	
Eriksdale, R.M.	I	889			
Coldwell, R.M.	I	1,320			
Ethelbert Group			$625	4.11	
Ethelbert, R.M.	NW	459			
Ethelbert, Village	NW	335			

Registered Municipalities	Region	Current Population	Total MPSC Payments Received by Community in 03-04	Total Tonnes Recycled in 03-04	
Falcon Lake/Westhawk (WPP)	E	0	$11,177	73.53	
Fisher, R.M.	I	2,049	$18,411	121.13	
Flin Flon, City	N	6,000	$47,925	328.83	
Franklin, R.M.	E	1,781	$12,508	82.29	
Gilbert Plains, Town	NW	757	–	–	No claims received
Gillam, Town	N	1,178	–	–	No claims received
Gimli, R.M.	I	5,158	$51,352	337.84	
Gladstone, Town	SC	848	$8,685	57.14	
Glenboro Group			$5,516	36.29	
Glenboro, Village	SW	656			
South Cypress, R.M.	SW	821			
Grahamdale, R.M.	I	1,500	$9,137	63.27	
Grand Rapids, Town	N	355	–	–	No claims received
Grandview Group			$2,855	18.79	
Grandview, Town	NW	814			
Grandview, R.M.	NW	839			
Grey, R.M.	SC	2,147	$7,135	46.94	
Hamiota Group	CW		$10,617	69.85	
Hamiota, Town	CW	858			
Hamiota, R.M.	CW	479			
Hanover, R.M.	E	10,789	$58,542	431.84	
Harrison, R.M.	CW	837	$4,199	27.62	
Headingley, R.M.	WPG	1,907	$17,837	116.03	
Hecla Grindstone Prov. Park	I	0	–	–	No claims received
Killarney Group			$24,049	212.28	
Killarney, Town	SW	2,221			
Turtle Mountain, R.M.	SW	1,146			
La Broquerie, R.M.	E	2,894	$14,930	113.87	
Lac Du Bonnet, Town	E	1,089	$11,847	160.85	
Lac Du Bonnet, R.M.	E	2,405	$24,387	77.94	
Lakeview, R.M.-	SC	384	$1,810	11.91	
Lansdowne, R.M.	CW	877	$997	6.56	
Lawrence, R.M.	NW	540	$2,316	15.26	
Leaf Rapids, Town	N	1,309	–	–	No claims received
Lorne, R.M.	SC	2,033	$11,948	79.65	
Louise Group			$8,709	57.29	
Crystal City, Village	SC	414			
Louise, R.M.	SC	989			
MacDonald, R.M.	WPG	5,320	$21,970	142.28	
Manitou Group			$16,112	116.17	
Manitou, Town	SC	775			
Pembina, R.M.	SC	1,769			
MB Conservation – Paint Lake	N	1,500	$1,308	8.09	
McCreary Group	CW		$4,900	32.24	
McCreary, Village	CW	522			
McCreary, R.M.	CW	525			
Melita Group			$5,810	68.55	
Melita, Town	SW	1,111			
Arthur, R.M.	SW	480			
Miniota, R.M.	CW	969	$2,809	18.48	
Minitonas, Town	NW	538	–	–	No claims received
Minnedosa Group			$9,954	74.56	
Minnedosa, Town	CW	2,426			
Odanah, R.M.	CW	505			
Minto, R.M.	CW	684	–	–	No claims received
Montcalm, R.M.	SC	1,400	$10,176	66.95	
Morden, Town	SC	6,142	$69,279	1,058.54	
Morris, Town	SC	1,673	$13,248	87.15	
Mountain, R.M.	NW	1,589	$1,101	9.15	

Registered Municipalities	Region	Current Population	Total MPSC Payments Received by Community in 03-04	Total Tonnes Recycled in 03-04	
Neepawa, Town	CW	3,125	$25,123	274.08	
Nisichawayasihk Cree Nation	N	2,343	$295	3.23	
Niverville, Town	E	1,921	$17,269	235.89	
North Cypress Group			$15,870	140.74	
Carberry, Town	SW	1,511			
North Cypress, R.M.	SW	1,751			
North Norfolk, R.M.	SC	2,941	$19,851	147.67	
MacGregor, Village	SC	982			
Norway House Cree Nation	N	4,795	–	–	No claims received
Notre Dame de Lourdes, Village	SC	619	$3,578	23.54	
Oakland, R.M.	SW	1,111	$3,642	23.31	
Ochre River, R.M.	NW	952	–	–	No claims received
Peguis First Nation	I	3,121	–	–	No claims received
Pilot Mound, Town	SC	676	$11,910	78.36	
Pinawa, L.G.D.	E	1,500	$18,385	122.57	
Pine Falls	E	750	$7,896	56.84	
Piney, R.M.	E	1,688	$3,030	21.78	
Plum Coulee, Town	SC	735	$6,302	41.96	
Portage la Prairie, City	SC	12,978	$193,291	1,369.05	
Portage la Prairie, R.M.	SC	6,791	$63,394	409.17	
Powerview, Village	E	751	$3,436	22.60	
Rapid City, Town	CW	474	$2,737	18.40	
Rhineland Group			$14,462	97.41	
Rhineland, R.M.	SC	2,183			
Gretna, Town	SC	1,011			
Ritchot, R.M.	WPG	4,958	$22,342	145.81	
Rivers, Town	SW	1,709	$5,446	35.81	
Roblin, Town	NW	1,818	$28,190	188.73	
Roblin, R.M. / Cartwright, Village			$6,867	37.28	
Roblin, R.M.	SW	953			
Cartwright, Village	SC	934			
Roland, R.M.	SC	1,231	$3,411	22.44	
Rolling River First Nation	CW	998	–	–	No claims received
Rosebum Group	CW		$3,930	26.37	
Rosebum, R.M.	CW	534			
Rosebum, Town	CW	166			
Rosser, R.M.	WPG	1,412	$3,803	24.08	
Russell Group	CW		$35,436	230.34	
Russell, Town	CW	1,681			
Binscarth, Village	CW	445			
Russell, R.M.	CW	1,144			
Sagkeeng First Nation (Fort Alexander)	E	5,207	–	–	No claims received
Selkirk, City	I	9,752	$117,984	811.16	
Shoal Lake Group	CW		$22,167	147.42	
Shoal Lake, Town	CW	801			
Shoal Lake, R.M.	CW	579			
Sifton, R.M.	SW	798	–	–	No claims received
Sigluneh, R.M.	I	1,871	–	–	No claims received
Snow Lake, Town	N	1,207	$13,337	83.23	
Somerset, Village	SC	419	$5,863	38.48	
Souris Group			$16,571	113.74	
Glenwood, R.M.	SW	997			
Souris, Town	SW	1,683			
South Norfolk, R.M.	SC	1,748	$1,586	10.40	
Split Lake (Tataskweyak) Cree Nation	N	1,809	–	–	No claims received
Springfield, R.M.	WPG	12,865	$46,982	305.58	
St. Andrews, R.M.	I	10,995	$35,906	248.94	

Registered Municipalities	Region	Current Population	Total MPSC Payments Received by Community in 03-04	Total Tonnes Recycled in 03-04	
St. Claude, Village	SC	636	$7,081	46.59	
St. Clements, R.M.	E	9,115	$18,121	119.22	
St. Francois Xavier, R.M.	WPG	1,074	$2,473	16.27	
St. Lazare, R.M.		1,172		–	No claims received
St. Pierre-Jolys, Village	E	893	$1,573	103.14	
Starbuck, R.M.	SC	5,739		–	No claims received
Ste. Anne, R.M.	E	9,427	$20,702	136.05	
Ste. Anne, Town	E	1,611	$74,314	993.69	
Ste. Rose du Lac, Town	NW	1,047	$2,055	13.52	
Swan River, City	W	9,237	$201,292	1,442.80	
Tanner's Group:			$43,230	470.97	
Alonsa, R.M.		1,014			
Ameranth, Town		4,012			
Elgin, Town		1,058			
Woodlands, R.M.		3,451			
Taylor, R.M.	SW	962	$6,043	65.81	
Thompson, R.M.	NW	939	$7,402	10.70	
Turtle River, R.M.	W	1,603	$6,210	43.03	
Swan River, R.M.	NW	2,923	$1,095	21.15	
Swan River, Town	NW	4,410	$21,814	150.09	
Victoria, R.M.	WPG	15,128	$43,793	115.37	
Tri Par Group:			$44,600	169.67	
Kelsey, R.M.	N	1,624			
Tri Par, Town	N	1,791			
Wabowden Town Admin	N	1,011			
Thompson, City	N	13,450	$89,692	934.63	
Tiverton, R.M.	SE	1,111	$4,488	29.51	
Turtle River, Town	W	949	$6,994	46.01	
Victoria Beach, R.M.	E	370	$8,205	53.95	
Victoria, R.M.	SE	1,083	$8,556	56.23	
Victor Group:			$23,911	157.49	
Elk Lake, Town	SW	163			
Virden, Town	SW	3,008			
Wallace, R.M.	SW	1,842			
Waskada, Village	SW	139	$5,474	34.94	
West St. Paul, R.M.	WPG	9,985	$19,900	131.55	
Whitehead, R.M.	SW	1,451		–	No claims received
Whitemouth Group:			$16,200	245.55	
Whitemouth, R.M.	E	1,867			
Reynolds, R.M.	E	1,598			
Whitemud Prov. Park – W.C.A.	E	0	$2,041	14.23	No claims received
Whitewater, R.M.	SW	723	$3,310	20.48	
Winkler, City	SE	7,943	$70,253	477.42	
Winnipeg Beach, Town	E	1,805	$20,313	132.72	
Winnipeg, City	WPG	619,544	$4,962,908	35,738.45	
Winnipegosis, Village	WA	963	$1,940	12.80	
Woodworth, R.M.	SW	939		–	No claims received
TOTAL		1,056,405	7,481,010	57,722.59	

By-Material Recovery of Eligible Materials

On average, Manitobans recycled approximately 50 kilograms per person (57,723,000 kgs/1,150,800 people) from their communities. Based on estimated waste generation numbers gathered through MPSC-funded municipal residential waste composition studies, this is equivalent to a recovery rate of approximately 65%.

Of note this year, the large increase in plastics (PET, HDPE and 4, 5 and 7 rigid containers) recovery may be partially attributable to City of Winnipeg's and other communities' move to simpler household sorting.

Chart 4 — By-Material Recovery

Eligible Material	Total Recycled 2003-2004 (Tonnes)	Estimated Generation in Tonnes (2000 Waste Comp. Studies)	2003-2004 Recovery Rate
Newspapers, Magazines, Flyers & Telephone Directories	32,334	35,651	91%
Corrugated Cardboard	8,636	10,722	81%
PET Plastics	1,652	2,744	60%
4, 5 & 7 Rigid Plastics	815	1,645	50%
Glass Containers	5,585	13,862	40%
Boxboard	3,919	9,683	40%
Aluminum Cans	688	1,894	36%
Metal Cans	2,196	6,226	35%
Polycoat & Aseptic Containers	716	2,117	34%
HDPE Containers	1,181	3,881	30%
Total Eligible Materials:	**57,723**	**88,425**	**65%**

Important Notes:
Although MPSC requires that participating municipalities report by material, there are many reasons to be cautious in interpreting the by material weights provided.

1. The waste generation numbers (denominator) used in calculating recovery rates are taken from the latest residential waste composition studies commissioned by the MPSC in the year 2000. Although the methodology used in these studies is considered state of the art and has been emulated by other jurisdictions, the results offer a snapshot over a short period of time and only include materials generated in households.

2. Individuals may bring newspapers, magazines and other periodicals home from other sources (offices) for recycling, resulting in higher recovery than just what is considered residential waste. Also, because of how newspapers, magazines and telephone directories are collected and processed for recycling, accurately separating each component of the mix is difficult and costly.

3. Recovery numbers reported by the MPSC include only those materials that are recycled through registered local recycling programs in participating communities. Manitoba also has many active charity-based organizations and individuals (eg. Cancer Care and some Winnipeg fire departments) that collect recyclable materials for sale directly to brokers. The amount of material recycled through such activities is unknown at this time, but it is estimated to be substantial. This is most apparent in the recovery of aluminum beverage containers. In previous years, a third-party study conducted on behalf of MPSC estimated the total annual recovery rate for beverage containers to be above 60%.

4. MPSC has capped the amount of corrugated cardboard (OCC) that it will fund as a mechanism for capping its financial exposure to unknown amounts of corrugated cardboard generated in the province's commercial/institutional sector. The OCC amount shown in the table includes all OCC **collected by participating municipal recycling programs** whether from households or other sources.

Overall Recovery of Designated Materials in Manitoba

The MPSC municipal support payment system is based on a multi-material approach to maximizing the amount of material recovered from the municipal waste stream. The objective of the program is to capture these materials through one system and infrastructure, in order to maximize efficiency. This is especially important in Manitoba, due to the large number of very small communities. The question often asked is: Why not a deposit-return system for Manitoba's beverage containers instead? The following chart plots the maximum amount of beverage containers sold in Manitoba since 1995 against the amount recycled through MPSC's multi-material system over the same time period.

Did You Know...

Over the past nine years, Manitobans have recycled almost 334,000 metric tonnes of valuable resources through MPSC-funded municipal recycling programs. That is equivalent to almost 50,000 garbage trucks full of recyclable material!

Did You Know...

MPSC offers communities more than financial support. Municipalities also have access to tools designed to help improve their performance and add cost-effectiveness to their recycling programs. These include:

- **Promotion & Education (see page 27 for more details)**
- **Marketing and Technical services (see page 35 for more details).**

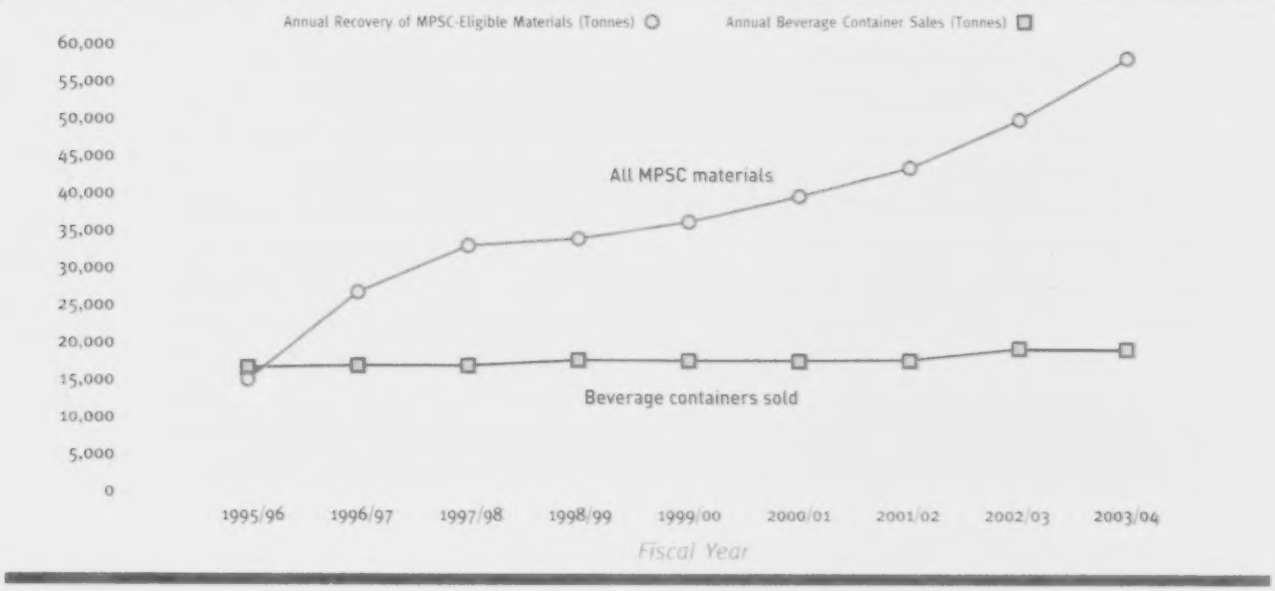
MPSC's Multi-Material Advantage

As of March 31, 2004, Manitoba residents have recycled over 205,000 metric tonnes *more* packaging and printed materials than if the province had simply adopted a deposit-return system for beverage containers. The gap is expected to widen as recovery rates continue to increase in participating municipalities.

MPSC's multi-material approach results in higher recovery, lower cost and a sustainable foundation for further improvements to the province's waste reduction programs. Multi-material *stewardship*—where beverage containers are not the only materials levied—remains an important goal. However, there's no need to sacrifice efficient and effective community-based recycling while the evolution of the stewardship policy framework continues across the globe.

Ultimately, the decision to implement a deposit system in Manitoba rests with provincial regulators. The MPSC can administer either type of system. Our concern is that such a system could either decrease overall recovery, or add substantial cost with limited potential for making a difference in Manitoba's waste stream, since beverage containers amount to less than 2% of the province's overall waste stream.

Chart 5 — Recovery of MPSC-Eligible Materials & Beverage Containers Sold



"NPSC provides funding support to educate the next generation of recyclers."

Promotion & Education

THE MULTI-MATERIAL WRAP FUND SHALL BE USED TO PROVIDE OR PAY FOR ANY OR ALL OF THE FOLLOWING:

a. establishing and administering a waste reduction and prevention program for designated material;

b. education programs for the purpose of the waste reduction and prevention program for designated material;

c. expenditures incurred in the collection, transportation, storage, processing and disposal of designated material in connection with the waste reduction and prevention program;

d. research and development activities related to the management of designated material;

e. promotion and development of activities and economic instruments to encourage reduction and prevention of waste-designated material;

f. the appropriate disposal of waste-designated material;

g. salaries and other costs of the Board and the Fund;

h. salaries and other costs of government for the administration and enforcement of the Act and this regulation as they relate to the responsibilities of the Board and the regulations respecting reduction and prevention of waste-designated material.

Introduction:
A key component of MPSC's mandate is promotion and education (P&E). To satisfy the component, and, more fundamentally, to drive recovery of designated materials, the MPSC takes a multi-pronged approach to P&E:

- *Tools, training and support materials to help **municipalities** promote their program and educate their residents;*
- ***School and youth** programs focussing on educating and empowering the next generation of recyclers; and*
- *Media opportunities, advertising, and partnerships with **other stakeholders.***

Municipal Promotion & Education

The 2003-2004 year was focussed on improving and expanding communication with our stakeholders. This was especially timely as MPSC business plan consultations were the prime focus throughout the year. Engaging our stakeholders to actively take part in the planning process required effective documentation of the activities involved. This documentation included an initial questionnaire, a "What You Told Us" document, a business plan "working document," stakeholder consultation sessions, and, finally, the production of the "Sustaining the MPSC Model" 2004-2007 Draft Business Plan.

While documenting the business planning activities was of top priority, also important was making these documents accessible to our stakeholders. Due to the nature of our business, MPSC also must always balance the need for communication with the importance of creating as little waste as possible. To fulfill both requirements, we developed an address book of e-mail addresses for every one of our stakeholders, so that paper-free e-mails could take the place of letters and faxes. Expanding our Web site at *www.mpsc.com* ensured our on-line address became the central point of access for all business plan communications.

Devoting the 2003-2004 year to planning and "virtual" communication meant that new P&E tools were kept to a minimum. However, municipalities continued to enjoy our lengthy assortment of tried and true tools and always available telephone P&E support. Expanding our on-line P&E offerings simply provided the missing link.

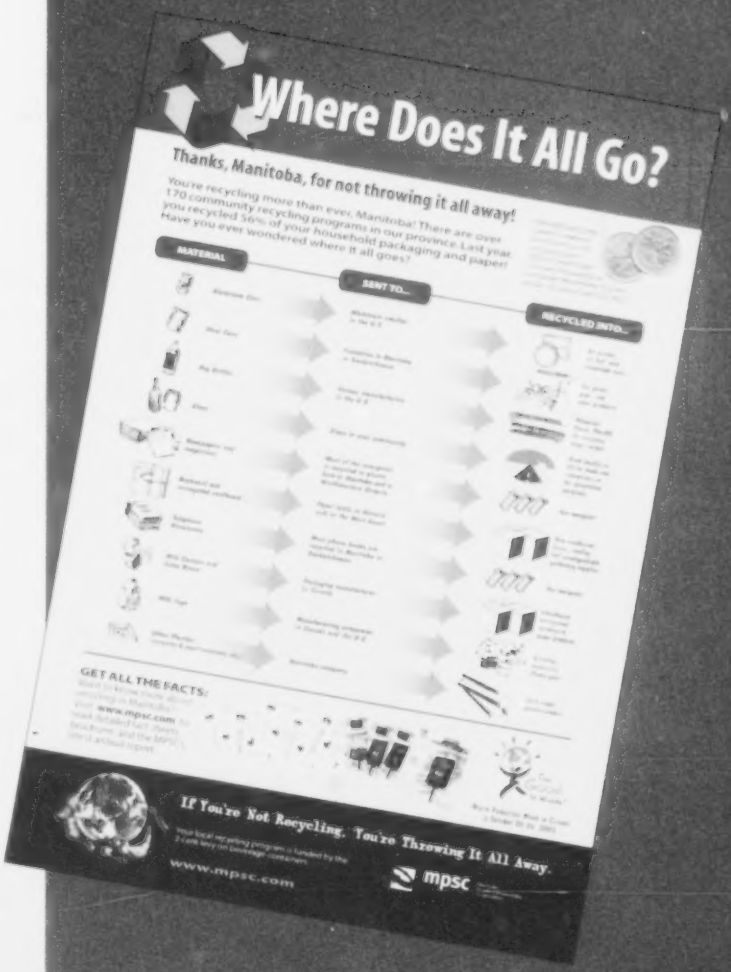
As one councillor once commented, "your Web site provides good information and looks nice—but it doesn't really have anything that I can use." I am pleased to report—it does now.

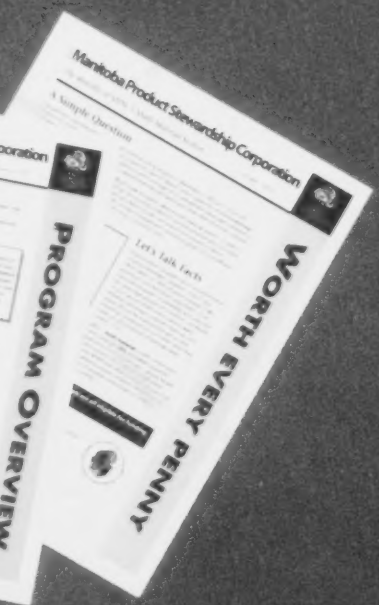
Lynne Bereza,
Promotion and Education Co-ordinator

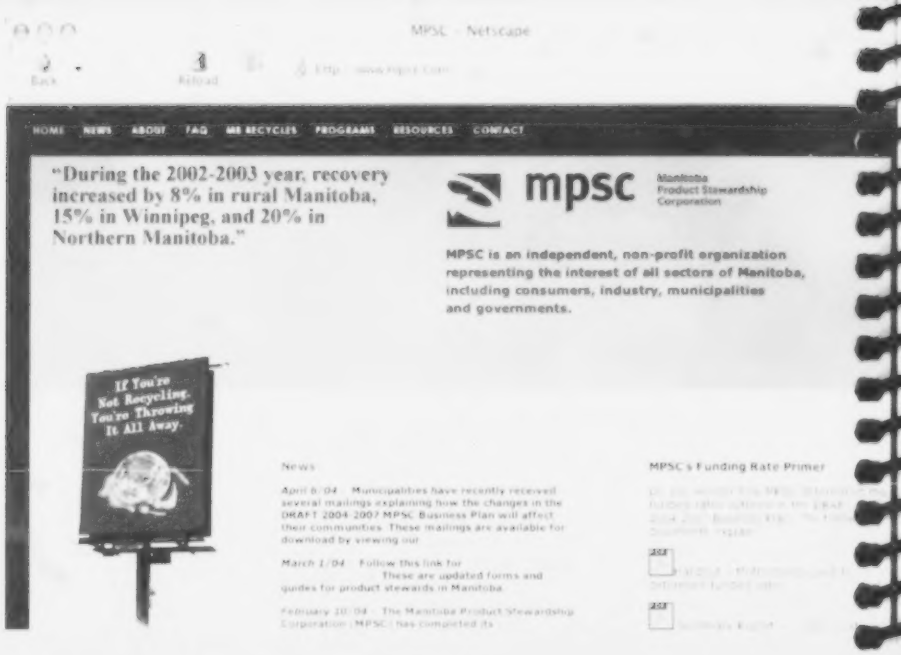
Municipal Promotion and Education Resources

The following resources have been developed for the purpose of educating residents about recycling. Municipal recycling representatives may contact MPSC to order the following materials on an as-needed basis. MPSC also provides free P&E technical assistance for municipalities who want to produce their own P&E materials locally.

- **Where Does It All Go:** The need for end-use information became clear in a series of focus groups held in early 2003. The resulting "Where Does It All Go?" flyer and newspaper advertisement provide this information. The newspaper ad ran in all Manitoba daily newspapers during Waste Reduction Week in October, 2003. The downsized flyer contains the same information and is available in hard copy format for handout purposes. It is also available for download at *www.mpsc.com*.
- **Custom P&E Tools:** MPSC continued to provide customized inserts to those communities starting new recycling programs, as well as to communities whose program details have changed. These items are customized with specific community recycling and waste management information. During 2003-2004, 15 communities ordered these materials.
- **Display/Handout Info:** A variety of promotional posters, brochures and fact sheets are also made available free of charge to community recycling programs.
- **Loan Materials:** MPSC now offers four Recycled Products Displays for loan to municipalities and recyclers, along with a video library borrowing service. Municipalities, recyclers and schools may borrow the display or videos for up to two weeks at a time. These items are very helpful in promoting recycling at community events and during displays and presentations.






MPSC - Netscape
HOME NEWS ABOUT FAQ MB RECYCLES PROGRAMS RESOURCES CONTACT
"During the 2002-2003 year, recovery increased by 8% in rural Manitoba, 15% in Winnipeg, and 20% in Northern Manitoba."
mpsc
Manitoba Product Stewardship Corporation
MPSC is an independent, non-profit organization representing the interest of all sectors of Manitoba, including consumers, industry, municipalities and governments.
If You're Not Recycling, You're Throwing It All Away.
News
MPSC's Funding Rate Primer

Communications with Local Recycling Representatives

The following communications activities are for the purpose of keeping municipal recycling representatives informed about MPSC initiatives, reporting recycling information and statistics, and providing opportunities to network with fellow recycling program administrators.

- A regular **monthly bulletin** was distributed to municipalities and recyclers. The bulletin ensures that these stakeholders receive timely information about MPSC programs and supports. The bulletin also presents topics of interest from other jurisdictions, provides a forum for stakeholder inquiries and highlights high-achieving recycling programs here in Manitoba. Since early 2004, the bulletin has been distributed primarily via e-mail.
- **Annual regional recycling meetings** took place in the spring of 2003. These meetings were held in Shoal Lake and Selkirk. In addition to presentations from MPSC staff, a recycling representative was invited to speak about their local recycling program. In each location, a tour of the local recycling facility followed. MPSC thanks Johnny Michasiw and Randy Borsa for taking the time to share their best practices with the audience.
- **Annual workshops** took place in Brandon and Winnipeg in the fall of 2003. They included a combination of plenary sessions and break out presentations. A P&E session called "Increasing Recovery—Communication that Works" was offered, along with an announcement about the expansion of *www.mpsc.com*.
- **Community Recycling Reports** were distributed to participating municipalities in October 2003. These reports assist municipalities in monitoring the success of their recycling programs, and setting goals for their community. A grading system is used to give users a simple way to evaluate their community recycling program.

MPSC Web Site Expansion

As part of our efforts to improve communications with our stakeholders, the MPSC undertook a repurposing of the Web site at *www.mpsc.com*. The Web site had been formerly used mainly as a means of posting corporate information. While MPSC-produced materials have always been available for download, there existed no other information for or about specific municipal recycling programs. There was a need to make the Web site more user-friendly and more accessible to the municipal official.

The repurposing took on several key foci:

- Created a searchable **Municipal Directory** of all participating municipalities, including current and past recycling report cards and links to municipal Web sites and community-specific recycling information.
- Expanded the **Promoting Your Recycling Program** section to include downloadable recycling clip art, the MPSC Community Recycling Handbook, and a wide variety of MPSC-produced P&E tools.
- Added a **Municipal News** section devoted to current news stories about community recycling programs in Manitoba. This section enables the municipal official to keep abreast of recycling initiatives in neighbouring municipalities.
- Improved the existing **Home Page** with more dynamic content, timely links to other Manitoba based environmental organizations and up-to-the minute Business Plan news.

STAR Program

MPSC's STAR (Student Action for Recycling) Program continues to grow and evolve with each passing year. During 2003-2004, 707 schools took part in the program. This equals 80% of the schools in the province.

The program continues to be very well received by K-S4 schools throughout Manitoba. The annual $500 honorarium continued to spawn a wide variety of environmental programs in participating schools. So long as the basic requirement of having an in-school recycling program is met, schools may spend any remaining funds on one or more of the following:

- *Composting projects*
- *School ground naturalization/beautification*
- *Environmental speakers/entertainers*
- *Environmental books, videos, or computer software*
- *Environmental field trips*
- *Community/school clean-up activities*
- *Rewards and incentives for school environmental clubs*
- *Donations to worthy environmental causes*
- *Any environmental project or activity.*

WHAT SCHOOLS SAY ABOUT STAR PROGRAM MATERIALS

"The support materials were displayed and shared in the school. We appreciate these types of materials as they encourage students and staff to become better earth stewards. Your ideas assist us in our recycling club and also help promote the program within the school."
Winnipegosis Elementary School, Winnipegosis

"Flippers were a big hit! Everyone received one for their recycling efforts. It's a great way to be able to value each and every child in school."
École Belmont, Winnipeg

"I found the newsletters interesting, informative and challenging."
Deloraine Elementary School, Deloraine

"We love the materials and we pass them out to the students to celebrate Earth Day as a school."
Phoenix School, Headingley

"Newsletters were very interesting and educational. The Poster contest is an excellent way of promoting awareness."
Minitonas Early Years School, Minitonas

"We love the calendar every year. The pictures from the contest are always so great. It is shown to students to motivate them to enter the poster contest. It is kept in a classroom for the remainder of the year. Newsletters are shared with students and staff. Upcoming events are highlighted."
Victor Mager School, Winnipeg

The following is a list of resources, tools, and assistance for STAR schools:

- **STAR Newsletter** – This 3x yearly newsletter that includes STAR Program updates, school profiles, funding ideas, information about potential guest speakers and entertainers, and answers to frequently asked questions.
- **www.virtualrecycling.com** – MPSC's educational Web site offers a wide variety of information and services to teachers and students in Manitoba and beyond. Features include a comprehensive STAR Program section, a searchable school database and a section devoted to school profiles. Close to 500 schools registered using the on-line form last year, further reducing paper use.
- **Free Tools for STAR Schools** – Some of the free incentive items made available to schools include bookmarks, badges, tattoos, stickers, perpetual folders, colouring books and reusable lunch bags. MPSC also created two new posters specifically for STAR schools last year —one with an anti-litter theme and another with a 3Rs theme. The posters were distributed to all schools in September 2003 and were very well received.
- **5th Annual STAR Poster Contest** – This contest saw over 1,500 posters created at the classroom level, with 200 being submitted to MPSC for final judging. Judges Joe Grande of Grandesign and Mary Melnychuk of the Environmental Speakers Bureau chose 1st, 2nd and 3rd place winners in each grade. Winners received personalized t-shirts and framed reprints of their posters. Every student who created a poster received a STAR tattoo. The winning posters were featured in a 10-month school calendar distributed to all schools in September 2003.
- **Environmental Speakers Bureau (ESB)** – MPSC's continued sponsorship of Resource Conservation Manitoba's ESB means Winnipeg teachers can arrange a classroom visit by a trained presenter. The service is free to Winnipeg area schools. During 2003-2004, close to 200 presentations were given to over 40 Winnipeg area schools. The ESB's Rural Kit for teachers outside the capital region has also been widely used as an effective classroom tool.
- **Manitoba Envirothon** – MPSC provided funding to support the Manitoba Envirothon for the fourth consecutive year. Envirothon is an Olympic-style environmental competition aimed at attracting high school students with environmental interests. Last year, MPSC also provided a reusable water bottle for each participant.
- **STAR Partnerships** – Through the regular distribution of STAR materials and newsletters to Manitoba's schools, MPSC is able to assist other non-profit organizations in communicating environmental education messages. During 2003-2004, STAR mailings included information about International Walk to School Day, Manitoba Envirothon, the Environmental Speakers Bureau and National Waste Reduction Week, among others.

P&E—Other Stakeholders

In addition to directing communication to schools and municipal recycling programs, MPSC's P&E efforts encompass other stakeholders. These include non-registered municipalities, Northern Affairs communities, recycling industry representatives, beverage industry and other stewards, government and statutory corporations and the general public. Several communication tools are targeted at these various groups, including:

www.mpsc.com

While the repurposing of the "corporate" Web site added much-needed municipal recycling resources, it did not reduce the amount of information aimed at other stakeholders. More dynamic home page content means stakeholders who often visit have access to up-to-date information at all times.

Stewardship Circle

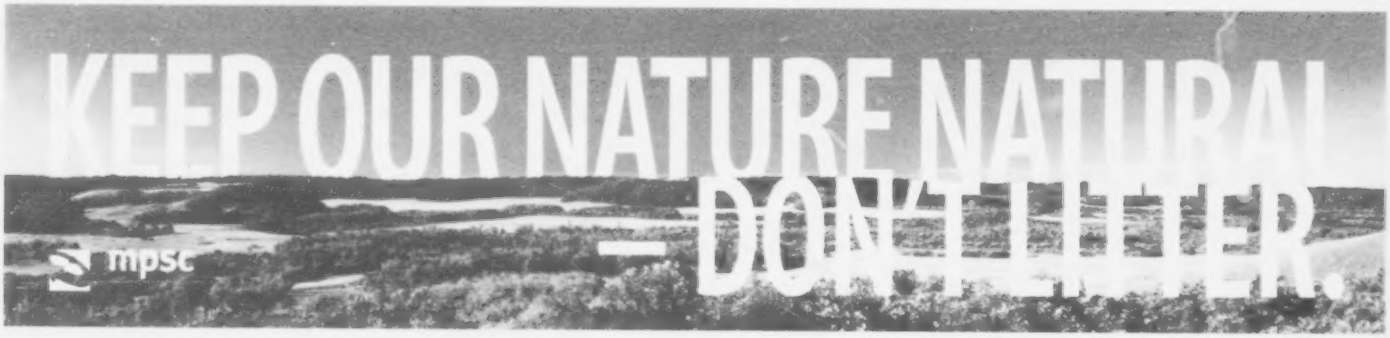
MPSC's biannual newsletter continues to provide a forum for MPSC issues and news items. The newsletter was produced in May 2003 and in March 2004.

Media Releases

Keeping MPSC news and events in the public eye is increasing in importance. To that end, a number of newsworthy items were issued to media throughout the province.

Outdoor Advertising

We utilize outdoor advertising as our vehicle for Litter Awareness. Once again, "Keep Our Nature Natural —Don't Litter" was displayed on highway boards throughout the Province.



Styropor
POLYMERIC BEADS, EXPANDABLE
67317
2211

Technical Services and Support

THE MULTI-MATERIAL WRAP FUND SHALL BE USED TO PROVIDE OR PAY FOR ANY OR ALL OF THE FOLLOWING:

a. establishing and administering a waste reduction and prevention program for designated material;

b. education programs for the purpose of the waste reduction and prevention program for designated material;

c. expenditures incurred in the collection, transportation, storage, processing and disposal of designated material in connection with the waste reduction and prevention program;

d. research and development activities related to the management of designated material;

e. promotion and development of activities and economic instruments to encourage reduction and prevention of waste-designated material;

f. the appropriate disposal of waste-designated material;

g. salaries and other costs of the Board and the Fund;

h. salaries and other costs of government for the administration and enforcement of the Act and this regulation as they relate to the responsibilities of the Board and the regulations respecting reduction and prevention of waste-designated material.

Introduction:
As part of our mandate to administer programs that reduce packaging and printed material waste, the MPSC allocates technical resources to assist communities in designing programs that will meet their waste management objectives, including:

- *collection/processing*
- *marketing of recyclable materials*
- *research and development*
- *understanding non-residential waste streams*

The result of our technical support activities is a comprehensive support system that helps municipalities to develop and improve all aspects of their recycling programs, while helping the MPSC to deliver our mandate.

Recycling Is Worth It!

> **"The case for recycling is strong. The bottom line is clear. Recycling requires a trivial amount of our time. Recycling saves money and reduces pollution. And a largely ignored but very important consideration, recycling reduces our need to dump our garbage in someone else's backyard."**
>
> ***— David Morris of the Institute for Local Self-Reliance, Recycling and the New York Times, July 30, 1996***

Approximately nine years ago province-wide municipal recycling commenced in Manitoba. Initially there was some resistance to some new recycling programs and facilities. Questions were raised. Will the recycling program attract rats? Will the recycling facility stink? Will anyone work in the recycling facility? Who will want the recycling facility anywhere near their house or business? In some cases there was a NIMBY or "not in my backyard" mentality towards some of these now successful recycling programs. This NIMBY response was rather curious because back then some people burned or buried garbage in their own backyards. Local leaders and recycling champions knew there was a better way to manage waste, and stood up and successfully answered these and many other challenging questions. As a result of this leadership, Manitobans are recycling more now than ever. Together we have seized opportunities and overcome many substantial recycling challenges including who, how and where recycling programs are operated. A lot of hard work has generated many positive results. Here is a small sample of a few positive and very important benefits that are a direct result of recycling efforts in Manitoba:

1. Effective:
- Pollution is prevented
- Raw materials are conserved
- Energy is saved
- Selkirk closed its landfill, implemented a user-pay waste management system and now has one of the highest recycling rates in Manitoba.
- Winnipeg now offers recycling services to every single residence

2. Efficient:
- Some communities collect recyclables and solid waste at the same time, thus reducing collection costs
- Thompson started recycling, then suspended the program for a short period of time. After some thoughtful planning and implementation of sound business practices, the recycling program restarted and now regularly sets recovery records
- Melita just established a comprehensive recycling program after overcoming some substantial obstacles

3. Economical:
- The sale of recyclables generates revenues and jobs
- Future landfill construction costs are avoided or deferred
- Millions of dollars are spent all over Manitoba to support recycling programs, helping to support local economies

This past year Manitobans recycled 57,723 tonnes in their municipal recycling programs, which is equivalent to conserving approximately 128,500 cubic metres of landfill space. A couple of quick calculations will give you an idea of how much space this represents. If this material was loose instead of compacted in a landfill, it would be equivalent to an area approximately 445 square kilometres covered one metre deep in recyclables. This is an area equivalent to almost 100% of the surface area of the City of Winnipeg or an area equivalent to almost 600% of the surface area of the City of Brandon.

In conclusion, I think it is very interesting to observe how time has changed many attitudes. People are proud to say they work or volunteer for a recycling program. Municipal officials and staff regularly publicize their local recycling efforts. Individuals enthusiastically state that they are recyclers. As we look backward at these changes and our successes, we must also look forward and remember that we all share the same "backyard." It is called Manitoba.

David Crawford,
Market and Technical Services Manager

2003-2004 Market and Technical Service Assistance Summary

MPSC marketing and technical support is comprised of several key services:

- Marketing Support: The MPSC collects and maintains a comprehensive list of available recycling markets. Municipalities and recycling agents can request assistance with evaluating the best net revenue for their recyclables. The MPSC monitors market revenues for all MPSC-eligible materials on a monthly basis.
- Collection and Processing Evaluation: On an as-needed basis the MPSC will evaluate current collection and processing options for municipalities and/or their service providers; and make suggestions that municipalities could consider.
- On-Site Evaluations: As required, the MPSC will make technical visits to municipalities and their processors. These evaluations and subsequent follow-ups are designed to help municipalities that are striving to improve and or wish to make substantial changes to their recycling programs.
- Cost Analysis: Several municipalities have requested information about cost analysis. The MPSC will not perform full-cost accounting analysis for municipalities; rather it will provide educational materials and case studies, and help to explore potential collection, processing, marketing, and transportation and promotion opportunities that can be utilized to analyze options and their costs.
- Transportation Resources: The MPSC actively encourages municipalities and service providers to utilize proper shipping techniques and practices. This includes the use of *backhaul* opportunities to reduce shipping costs. The MSPC maintains a list of potential carriers for municipalities to consult with.

THIS PAST YEAR THE FOLLOWING COMMUNITIES AND ORGANIZATIONS UTILIZED THE MPSC'S MARKET AND TECHNICAL SERVICES:

Altona
Brandon University
Buffalo Point First Nation
Canadian Broadcasting Corporation
Carman
College universitaire de. St. Boniface
Cornerstone Industries—Gimli and Winnipeg Beach
Corporations Supporting Recycling
Dakota Plains First Nation
Dow Bio Products
Eastman Recycling—Steinbach
Elgin and Area Recycling
Flin Flon—Flin Flon and District Recycling
Gladstone
Gretna
Indian and Northern Affairs Canada
JR Cousin Engineering
London, Ontario
Killarney
Manitoba Department of Energy, Science & Technology
Manitoba Government Services
Manitoba Hydro
Melita
Minnedosa
NAPCOR
Natural Resources Canada
Neepawa
Ninette
North Central Community Futures Development Corporation
North East Regional Recycling Facility, Beausejour
Parks, Provincial
- *Clearwater Provincial Park*
- *Hecla Provincial Park*
- *Paint Lake Provincial Park*
- *Whiteshell Provincial Park*

Pilot Mound
Portage and District Recycling
Rathwell
Recycling Council of Alberta
Recycling Council of British Columbia
Red River College
R.M. of Birtle
R.M. of Kelsey
R.M. of Pipestone
R.M. of St. Andrews
R.M. of Westbourne
R.M. of Woodlands
Rolling River First Nation
Roseau River First Nation
Souris
Statistics Canada
Stony Mountain Penitentiary—Corrections Canada
Thompson—TRC
The Pas
University of Manitoba
University of Winnipeg
Virden
Waste Diversion Ontario
Westman Recycling—Brandon
Winkler
Winnipeg Chamber of Commerce
Winnipeg Folk Festival
York Factory First Nation

The MPSC acts as a resource for recycling stakeholders. Consistent with the voluntary nature of the MPSC, local governments ultimately decide the best course of action for their communities.

◆ University of Winnipeg, Winnipeg, MB

Chart 6 — Revenue Monitoring

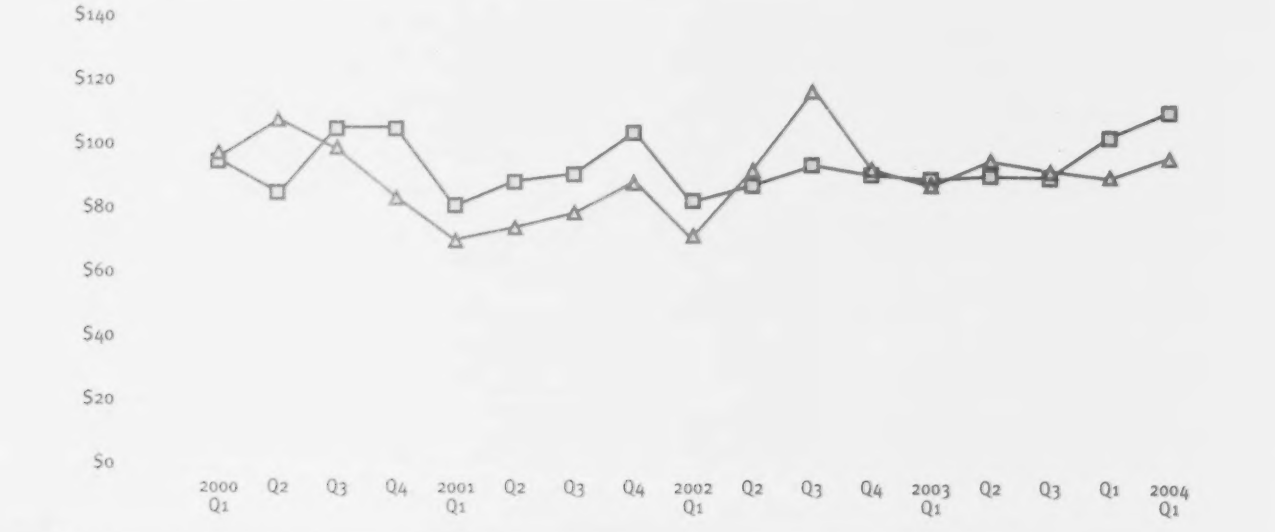
△ Full Basket of MPSC Materials

□ 5 MPSC Mandatory Materials

Revenue Monitoring

The MPSC monitors municipal recycling revenues in Manitoba on a monthly basis. Recycling revenues this past year were strong and fairly consistent. Last year the sale of recyclables generated approximately $5,000,000 in revenues. Will these revenues continue? There are too many factors that affect recycling revenues to say for certain. However, it is safe to assume that recycling markets won't disappear any time soon. In fact, it can be stated that recycling markets are now an important part of both our local and the global economies.

Chart 7 — MPSC Quarterly Revenue Monitoring
Q1 2000 to Q1 2004: $/Tonne



△ Full Basket of MPSC Materials

□ 5 MPSC Mandatory Materials

Recycling Markets Directory 2003 Update

The MPSC updated the Recycling Markets Directory in 2003. Every effort was made to identify all potential markets for MPSC-eligible materials. Copies of the 2003 MPSC Recycling Markets Directory can be found at *www.mpsc.com* or ordered by contacting the MPSC office.

STAR Plus Program

MPSC provides direct funding to post-secondary institutions in Manitoba to support recycling of MPSC-eligible materials on a full-time student-equivalent basis. The STAR Plus program enjoyed another successful year in 2003-2004. STAR Plus participants increased their recycling rates, and completed detailed economic analyses, waste audits and market research this past year. Students continue to be a critical part of the success of the STAR Plus program. This process is one of the goals of the program. Manitoba's colleges and universities now recycle more than 500 tonnes per year of MPSC-designated materials and other recyclables.

Congratulations to all the STAR Plus participants for both their recycling endeavours and their environmental leadership.

The specific objectives of the STAR Plus program are to:

- Decrease the amount of MPSC-designated materials going to landfill;
- Reduce the expense post-secondary educational institutions currently incur for removal and disposal of MPSC-designated materials;
- Provide the MPSC with measurable feedback about the results and costs of recycling and waste reduction activities at post-secondary institutions in Manitoba; and
- Create a learning opportunity for students, faculty and staff through active learning and participation.

The MPSC is pleased to recognize the following post-secondary educational institutions that participated in the STAR Plus program this past year:

- College Universitaire de St. Boniface, Winnipeg, MB
- Keewatin Community College, The Pas and Thompson, MB
- Red River College, Winnipeg, MB
- University of Manitoba, Winnipeg, MB

FYI: THE MPSC MANDATORY MATERIALS ARE:

Old newspapers, aluminium cans, glass containers, #1 PET plastic pop bottles and household steel containers

"MPSC activities are solely funded by the 2 cent per container WRAP levy on all non-deposit/non-dairy beverage containers."

Stewards Program

" A steward of beverage containers shall pay a WRAP levy at the rate of 2¢ per container that contained a beverage that is supplied by the steward for consumption in Manitoba."

Source: The Waste Reduction and Prevention Act (C.C.S.M c. W40)

Manitoba Regulation 39/95 Multi-Material Stewardship (Interim Measures) Regulation

Introduction:
All MPSC's activities and programs are financed through revenues designated by government regulation. Currently, all revenues are derived from levies on beverage containers collected from licensed product stewards.

Stewards of Designated Materials

The Multi-Material Stewardship (Interim Measures) Regulation (39/95) requires companies supplying non-deposit, ready-to-serve beverage containers in Manitoba to obtain a Product Steward Licence from the Manitoba Product Stewardship Corporation. The Regulation also requires Product Stewards to register, report containers supplied and remit a 2¢ WRAP levy on all non-deposit, ready-to-serve beverage containers supplied in Manitoba.

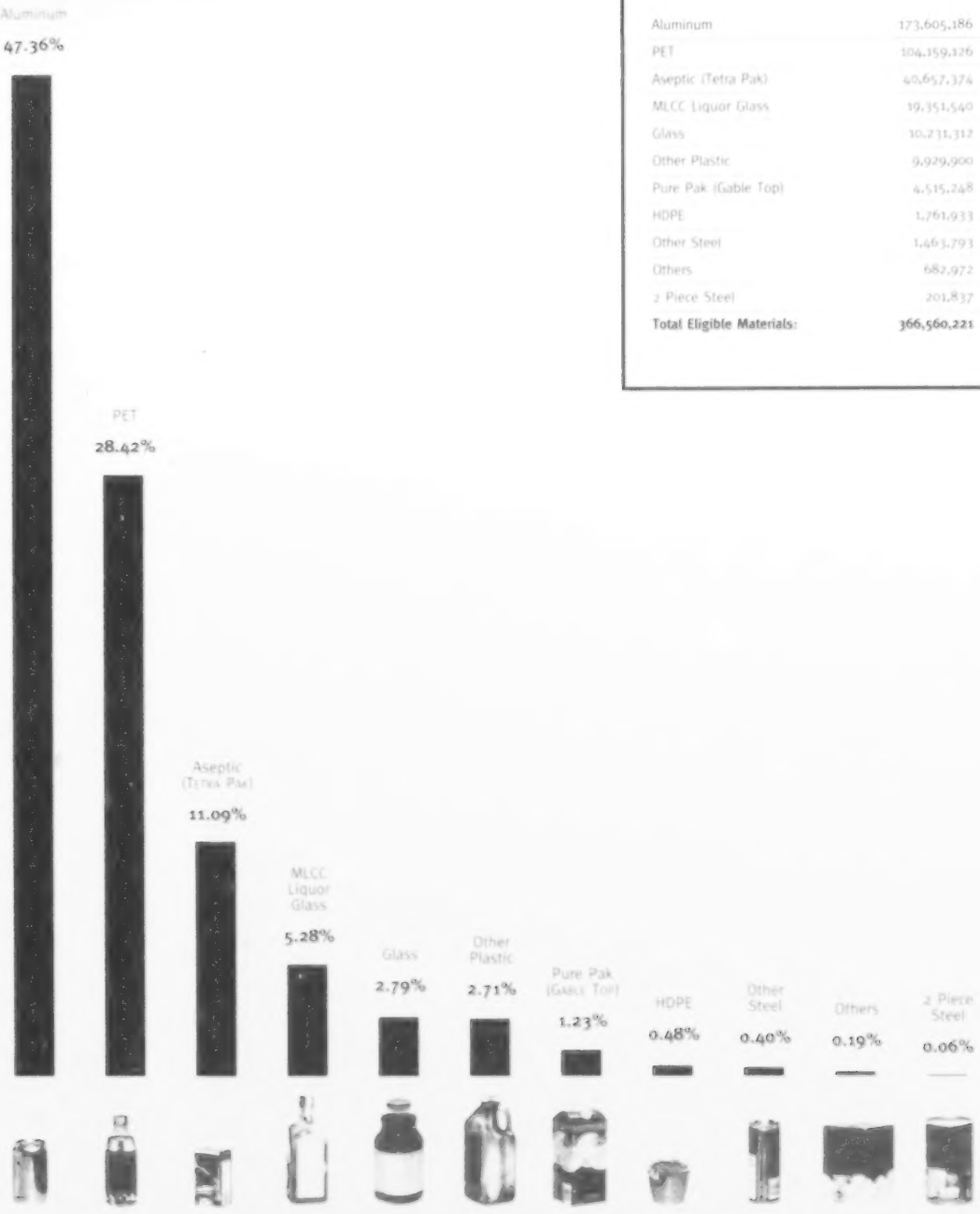
During the 2003-2004 Manitoba Product Stewardship Program Year, 71 companies were licensed as Product Stewards to supply beverage containers in Manitoba. These 71 companies remitted approximately $7.5 million in 2¢ WRAP Levies to the MPSC during the 2004 program year. This total represents an approximate 4.5% increase over 2002-2003 fiscal year. (Figures are based on numbers before accrual for late reporting of levies and provisions under the MPSC Credit Program.)

The 2¢ WRAP levy is only applicable on beverage containers supplied in Manitoba. The Credit Program area of the MPSC is a mechanism whereby Licensed Product Stewards may apply for reimbursement of WRAP levies for out-of-province sales of applicable materials. The Credit Program also addresses such occasions of double remittances and over-remittances on applicable materials. Just over $221,000 was paid out to the five Product Stewards that requested and qualified for credits during the 2004 program year. (Figures are based on numbers before accrual for late reporting of levies and provisions under the MPSC Credit Program.)

Compliance Review procedures, as part of the compliance/enforcement area of the Stewards Program, are performed on a rotating schedule and may take the form of desk, field or forensic review. All compliance review procedures are performed by an independent, third-party organization to maintain confidentiality of sensitive sales information. The Compliance Review program area progressed with the review of 16 product stewards during the 2004 program year. Besides the compliance reviews, periodic in-store monitoring is conducted to ensure that the applicable materials are properly registered by the MPSC.

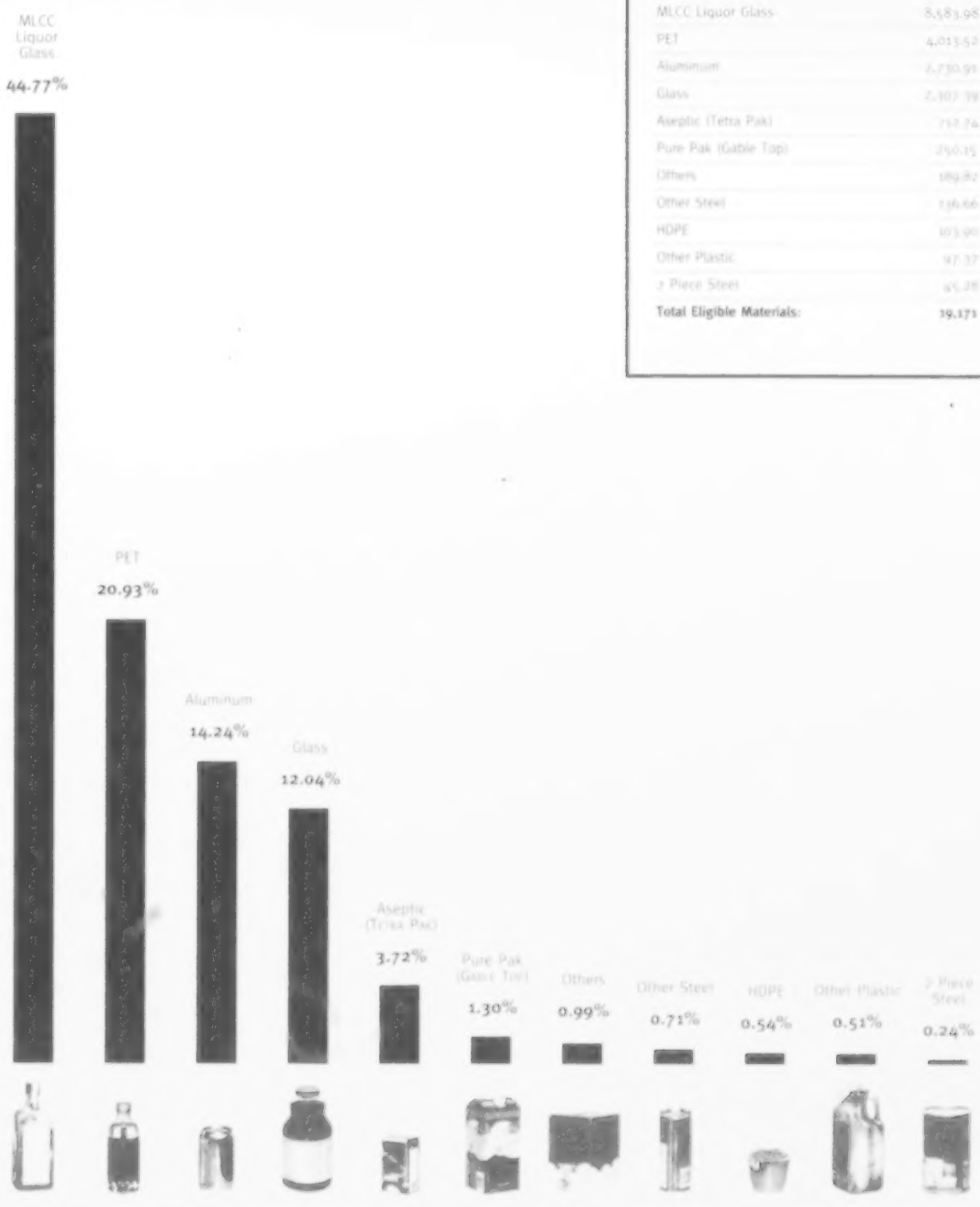
The past year has also been active with the posting of all Stewards Program materials on the MPSC's Web site at *www.mpsc.com*. This includes all Product Stewards license and registration forms, and the related filing guides. There has also been an increase in the use of electronic media with Product Stewards for reporting, communication, payment and administration.

Chart 8 — Container Sales (2003-2004 Fiscal Year)



Container Material	Container Sales
Aluminum	173,605,186
PET	104,159,126
Aseptic (Tetra Pak)	40,657,374
MLCC Liquor Glass	19,351,540
Glass	10,231,312
Other Plastic	9,929,900
Pure Pak (Gable Top)	4,515,248
HDPE	1,761,933
Other Steel	1,463,793
Others	682,972
2 Piece Steel	201,837
Total Eligible Materials:	**366,560,221**

Chart 9 — Weight of Containers Sold (Metric Tonnes, 2003-2004 Fiscal Year)



Container Material	Container Weight
MLCC Liquor Glass	8,583.98
PET	4,013.52
Aluminum	2,730.91
Glass	2,307.78
Aseptic (Tetra Pak)	712.74
Pure Pak (Gable Top)	250.15
Others	189.82
Other Steel	136.66
HDPE	103.90
Other Plastic	97.37
2 Piece Steel	45.28
Total Eligible Materials:	**19,171**

Financial Statements

March 31, 2004
Together with Auditors' Report

AUDITORS' REPORT

To the Board of Directors of
MANITOBA PRODUCT STEWARDSHIP CORPORATION,

We have audited the balance sheet of **MANITOBA PRODUCT STEWARDSHIP CORPORATION** as at March 31, 2004 and the statements of operations and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
May 21, 2004.

Chartered Accountants

MANITOBA PRODUCT STEWARDSHIP CORPORATION
Incorporated under the laws of Manitoba

BALANCE SHEET

AS AT MARCH 31

	2004	2003
ASSETS		
CURRENT		
Cash and term deposits (note 2)	5,260,412	5,784,215
Interest receivable	17,045	21,681
Levies receivable	630,899	603,112
Prepaid expenses and deposits	11,837	10,410
TOTAL CURRENT ASSETS	5,920,193	6,419,418
Capital assets (note 3)	22,192	26,274
	5,942,385	6,445,692
LIABILITIES AND FUND BALANCE		
CURRENT		
Accounts payable and accrued liabilities	118,875	105,845
Recycling support payments payable	1,803,909	906,690
Provision for credits on levy revenue	–	25,000
TOTAL CURRENT LIABILITIES	1,922,784	1,037,535
FUND BALANCE		
Multi-Material WRAP Fund	4,019,601	5,408,157
	5,942,385	6,445,692

See accompanying notes

On behalf of the Board:

Director

Director

MANITOBA PRODUCT STEWARDSHIP CORPORATION

STATEMENT OF OPERATIONS AND FUND BALANCE

YEAR ENDED MARCH 31

	2004	2003
REVENUE		
Beverage levy revenue	7,574,103	7,237,053
Levy rebates	(200,668)	(199,124)
Interest (note 2)	165,465	178,072
	7,538,900	7,216,001
EXPENSES		
Programs		
Municipal		
Recycling support payments to municipalities	7,436,010	6,494,384
Municipal support	86,460	113,034
	7,522,470	6,607,418
Steward		
Compliance of WRAP Act	24,075	26,750
School		
STAR – school honorariums	365,500	354,000
STAR Plus – post-secondary	141,700	138,508
School promotion and education	103,279	130,825
	610,479	623,333
Corporate promotion/partnerships		
Anti-litter campaign	58,159	79,890
Advertising and promotion	53,665	58,989
Partnerships/sponsorships	29,066	61,338
	140,890	200,217
	8,297,914	7,457,718
Administrative (schedule)	629,542	652,245
	8,927,456	8,109,963
EXCESS OF EXPENSES OVER REVENUE	(1,388,556)	(893,962)
Fund balance, beginning of year	5,408,157	6,302,119
FUND BALANCE, END OF YEAR	4,019,601	5,408,157

See accompanying notes

MANITOBA PRODUCT STEWARDSHIP CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2004	2003
OPERATING ACTIVITIES		
Excess of expenses over revenue	(1,388,556)	(893,962)
Add charges to operations not requiring a current cash payment		
Amortization	12,023	11,731
	(1,376,533)	(882,231)
Net change in non-cash working capital balances related to operations		
Interest receivable	4,636	(4,035)
Levies receivable	(27,787)	(17,226)
Prepaid expenses and deposits	(1,427)	(227)
Accounts payable and accrued liabilities	13,050	(25,534)
Recycling support payments payable	897,219	(528,677)
Provision for credits on levy revenue	(25,000)	(17,914)
CASH USED IN OPERATING ACTIVITIES	(515,862)	(1,471,844)
INVESTING ACTIVITIES		
Purchase of capital assets	(7,941)	(8,967)
CASH USED IN INVESTING ACTIVITIES	(7,941)	(8,967)
DECREASE IN CASH DURING THE YEAR	(523,803)	(1,480,811)
Cash position, beginning of year	5,784,215	7,265,026
CASH POSITION, END OF YEAR	5,260,412	5,784,215

Cash position consists of cash and term deposits.

See accompanying notes

MANITOBA PRODUCT STEWARDSHIP CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Manitoba Product Stewardship Corporation ["MPSC"] was established under the Waste Reduction and Prevention Act ["WRAP"] – Multi-Material Stewardship (Interim Measures) Regulations [the "Regulations"] with the following objectives:

[a] To establish and administer a waste reduction and prevention program for designated materials for Manitoba;
[b] To provide for the effective, efficient and economical management of waste-designated materials; and
[c] To administer the Multi-Material WRAP Fund.

The Multi-Material WRAP Fund is an industry-operated fund which provides for, among other initiatives, recycling support payments to municipal and local governments for eligible materials recovered from residential waste and delivered to an approved recycling facility. The Fund is currently funded by collection of levies on beverage containers supplied by a steward of beverage containers (Product Steward) to be consumed in Manitoba.

MPSC is exempt from income tax under Section 149 of the Income Tax Act.

Levy revenue and recycling support payments to municipalities

Levy revenue is charged on all non-deposit [excluding dairy] beverage containers supplied for consumption in Manitoba, subject to certain exemptions, by a Product Steward. Pursuant to the Regulations, a Product Steward is defined as the first person or business in Manitoba who, in the course of business, supplies beverages in containers to another person or business. Beverage levy revenue is recognized when the amount is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Product Stewards are eligible for credits if the beverage containers on which levies have been previously paid were supplied to consumers outside of Manitoba or if the levies are inadvertently paid by two Product Stewards on the same beverage containers. Levies are collected and credits are paid based on self assessments as reported by Product Stewards.

Recycling Support Payments to municipalities are paid to registered Manitoba municipalities based on the tonnage of eligible materials delivered to an approved recycling facility as reported by the municipalities to MPSC.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided for by the following annual rates and methods:

Furniture and fixtures	20%	declining balance
Computer hardware	30%	declining balance
Computer software	100%	straight line

Financial instruments

Financial instruments include cash and term deposits, interest receivable, levies receivable, accounts payable and accrued liabilities and recycling support payments payable. It is management's opinion that MPSC is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Due to their short-term nature, the book value of the MPSC's financial assets and liabilities approximates their fair value.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. CASH AND TERM DEPOSITS

Included in cash and term deposits are term deposits recorded at cost, held in trust by the Department of Finance of the Province of Manitoba. The term deposits bear interest at 2.30% [2003 - 2.85%] per annum and mature on May 3, 2004.

3. CAPITAL ASSETS

	2004			2003		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Furniture and Fixtures	25,461	16,687	8,774	21,307	15,012	6,295
Computer						
Hardware	76,431	64,907	11,524	76,431	59,968	16,463
Software	147,782	145,888	1,894	143,995	140,479	3,516
	249,674	227,482	22,192	241,733	215,459	26,274

4. LEASE COMMITMENTS

MPSC rents office space and equipment under various leases which expire over the next two years. Future minimum lease payments required are as follows:

	$
2005	66,978
2006	59,902

5. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

MANITOBA PRODUCT STEWARDSHIP CORPORATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED MARCH 31

	2004	2003
Board members' expenses	5,014	17,151
Communication	14,803	16,425
Contract financial management	45,202	30,230
Amortization	12,023	11,731
Equipment, leasing, repairs and maintenance	21,347	27,163
Insurance	12,167	9,459
Office	48,869	67,822
Professional fees	15,369	17,655
Promotion	1,923	3,212
Rent	45,258	42,702
Salaries, wages and benefits	400,077	399,449
Subscriptions	6,153	6,668
Travel and automotive	1,337	2,578
	629,542	652,245

See accompanying notes

BOARD OF DIRECTORS & STAFF (at time of publication)

Board

John Clarkson (Chair)	Energy, Science and Technology
Jane MacKay (Vice-Chair)	Beverage Industry
Rudy Redekop (Sec-Treasurer)	Publishing/Printing Industry
Stan Ward	Association of Manitoba Municipalities
Steven Lupky	Association of Manitoba Municipalities
J. Dan McInnis	City of Winnipeg
Keith McDougall	Retail Sector
Keith Odger	Grocery Distribution
Jim Ferguson	Manitoba Conservation
John Sinclair	Consumers

Staff

Jim Fogg	General Manager
Michael Fernandes	Senior Manager, Municipal Programs
Darryl Nicholson	Steward Programs
Lynne Bereza	Promotion & Education Co-ordinator
Gina Borkofski	Municipal Systems Co-ordinator
David Crawford	Market and Technical Services Manager
Nathalie Balcaen	Administrative Assistant

How This Report Was Made

This annual report is printed on recycled paper with vegetable oil-based inks and bound with recycled plastic coils. Please recycle where facilities exist.

mpsc
Manitoba
Product Stewardship
Corporation

280-530 Kenaston Boulevard
Winnipeg Manitoba
R3N 1Z4

www.mpsc.com